

**FILED**

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CLERK U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
LOS ANGELES

Attorney for Plaintiff,  
 MICHAEL KRONK

BY \_\_\_\_\_

## UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

**SACV10-00242****CJC MLGx**

MICHAEL KRONK, on behalf of himself  
 and all others similarly situated,

CASE NO.

**CLASS ACTION COMPLAINT**

Plaintiff,

vs.

LANDWIN GROUP, LLC, SYLVIA,  
 INC., SMITHDENNISON CAPITAL,  
 LLC, JACK R. ANDREW AND  
 ASSOCIATES, LLC, NHB FAMILY  
 PARTNERS, LLC, CPP PROPERTIES,  
 LLC, MUIR, LLC, MARSHALL  
 REDDICK REALTY, INC., MARSHALL  
 REDDICK SEMINARS,  
 INC., COMMERCIAL REAL ESTATE  
 PROPERTIES, LLC, MARSHALL  
 REDDICK COMMERCIAL REAL  
 ESTATE NETWORKS, INC., SEAN  
 DENNISON, MARTIN LANDIS, JACK  
 ANDREWS, NORMAN BANGERTER,  
 TOM CASALT, CHRIS PARNASS,  
 MARSHALL REDDICK, and DOES 1  
 through 100, Inclusive,

Defendants.

1. VIOLATION OF SECURITIES ACT OF 1933 AND THE SECURITIES EXCHANGE ACT OF 1934 (§§10(B),14(A),20(A))
2. VIOLATION OF RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT (18 U.S.C. 1962)
3. UNTRUE OR MISLEADING ADVERTISING (BUS. & PROF. CODE SECTION 17500)
4. COMMISSION OF UNLAWFUL, UNFAIR, AND FRAUDULENT BUSINESS ACTS AND PRACTICES (BUS. & PROF. CODE SECTION 17200)
5. NEGLIGENT REFERRAL
6. NEGLIGENT MISREPRESENTATION
7. INTENTIONAL MISREPRESENTATION
8. DECEIT/CONCEALMENT
9. BREACH OF FIDUCIARY DUTY
10. UNJUST ENRICHMENT/ RESTITUTION/ACCOUNTING
11. NEGLIGENT INTERFERENCE W/ PROSPECTIVE ADVANTAGE
12. INTENTIONAL INTERFERENCE W/ PROSPECTIVE ADVANTAGE

**DEMAND FOR JURY TRIAL**

1  
2 Plaintiff, by his attorney, make the following allegations for this Class Action  
3 Complaint and Jury Demand. The allegations with respect to Plaintiff's own acts are  
4 based upon knowledge. Other allegations are based upon facts obtained through the  
5 investigations undertaken by Plaintiff's attorney. Plaintiff believes that further  
6 substantial evidentiary support will exist for their allegations after a reasonable  
7 opportunity for discovery, especially in view of the fact that much of the evidence  
8 supporting the allegations contained herein is within the exclusive control of  
9 Defendants.

10 Plaintiff, MICHAEL KRONK, alleges as follows:

11 **NATURE OF THE ACTION**

12 1. Plaintiff brings this action as a class action for VIOLATION OF THE  
13 SECURITIES ACT OF 1933 AND THE SECURITIES EXCHANGE ACT OF 1934  
14 (§§ 10(B), 14(A), AND 20(A)); VIOLATION OF THE RACKETEER  
15 INFLUENCED AND CORRUPT ORGANIZATIONS ACT (18 U.S.C. 1962);  
16 UNTRUE OR MISLEADING ADVERTISING (BUS. & PROF. CODE SECTION  
17 17500); COMMISSION OF UNLAWFUL, UNFAIR, AND FRAUDULENT  
18 BUSINESS ACTS AND PRACTICES (BUS. & PROF. CODE SECTION 17200);  
19 NEGLIGENT REFERRAL; NEGLIGENT MISREPRESENTATION; INTENTIONAL  
20 MISREPRESENTATION; DECEIT; CONCEALMENT; BREACH OF FIDUCIARY  
21 DUTY; UNJUST ENRICHMENT; NEGLIGENT INTERFERENCE WITH  
22 PROSPECTIVE ADVANTAGE; and INTENTIONAL INTERFERENCE WITH  
23 PROSPECTIVE ADVANTAGE.

24 2. This is a shareholder's derivative action brought for the benefit of  
25 nominal defendant LANDWIN MANAGEMENT, LLC. ("LM" or the "Company")  
26 against certain members of its Board of Directors (the "Board") and certain of its  
27 executive officers seeking to remedy defendants' breaches of fiduciary duties, unjust  
28 enrichment, statutory violations, and other violations of law.

3. In sum, in gross breach of their fiduciary duties as officers and/or directors of Landwin Management, LLC, the Individual Defendants colluded with one another to:

a. improperly overcompensate themselves with salaries and benefits when the company was not making any money;

b. improperly use company assets to personally benefit themselves when there was no direct benefit to Landwin Management, LLC;

c. improperly characterized the business opportunity and valuation of the goodwill, paying \$5.8 million to Martin Landis; and

d. make false representations that the 10 year profit was in excess of 400% and that the investor would earn over 30% per year when in fact the company was not profitable.

4. As a result of the Individual Defendants' egregious misconduct, Landwin Management, LLC, has sustained millions of dollars in damages, and the recipients of the funds have garnered millions of dollars in unlawful profits.

### PARTIES

5. Plaintiff, MICHAEL KRONK [hereinafter "Plaintiff"], is an individual who is and was at all times mentioned herein individuals, residing in the State of California in the County of Orange.

6. Plaintiff is informed and believes, and thereon alleges, that at all times mentioned herein, Defendant LANDWIN GROUP, LLC, a California limited liability company, formed by SMITHDENNISON CAPITAL, LLC, MARSHALL REDDICK, TOM CASALT, JACK R. ANDREWS AND ASSOCIATES, LLC, and SYLVIA, INC., is and was at all times mentioned herein doing business in the State of California, County of Los Angeles. Defendants (collectively, the "Individual Control Person Defendants") were during the Class Period controlling persons of Landwin Management, LLC, within the meaning of Section 15 of the Securities Act and 6 Section 20(a) of the Exchange Act.

1  
2 7. Plaintiff is informed and believes, and thereon alleges, that at all times  
3 mentioned herein, Defendant SMITHDENNISON CAPITAL, LLC, manager of  
4 Landwin Management, LLC, and as partner in LANDWIN GROUP, LLC, is and was at  
5 all times mentioned herein doing business in the State of California, County of Los  
6 Angeles.

7  
8 8. Plaintiff is informed and believes, and thereon alleges, that at all times  
9 mentioned herein, Defendant SYLVIA, INC., manager of Landwin Management, LLC,  
10 and as partner in LANDWIN GROUP, LLC, is and was at all times mentioned herein  
11 doing business in the State of California, County of Los Angeles.

12 9 Plaintiff is informed and believes, and thereon alleges, that at all times  
13 mentioned herein, Defendant SEAN DENNISON, an individual and president of  
14 SMITHDENNISON CAPITAL, LLC, as partner in LANDWIN GROUP, LLC and  
15 manager of Landwin Management, LLC, is and was at all times mentioned herein doing  
16 business in the State of California, County of Los Angeles.

17 10. Plaintiff is informed and believes, and thereon alleges, that at all times  
18 mentioned herein, Defendant MARTIN LANDIS, an individual and president of  
19 SYLVIA, INC., as partner in LANDWIN GROUP, LLC and manager of Landwin  
20 Management, LLC, is and was at all times mentioned herein doing business in the State  
21 of California, County of Los Angeles.

22 11. Plaintiff is informed and believes, and thereon alleges, that at all times  
23 mentioned herein, Defendant JACK ANDREWS, an individual and president of JACK  
24 R. ANDREWS AND ASSOCIATES, LLC, as partner in LANDWIN GROUP, LLC, is  
25 and was at all times mentioned herein doing business in the State of California, County  
26 of Los Angeles.

27 12 Plaintiff is informed and believes, and thereon alleges, that at all times  
28 mentioned herein, Defendant NORMAN BANGERTER,, an individual and president of  
NHB FAMILY PARTNERS, LLC, as advisor to LANDWIN GROUP, LLC, is and was  
at all times mentioned herein doing business in the State of California, County of Los

Angeles.

13 Plaintiff is informed and believes, and thereon alleges, that at all times mentioned herein, Defendant TOM CASAULT,, an individual and president of MUIR, LLC, as partner in LANDWIN GROUP, LLC, is and was at all times mentioned herein doing business in the State of California, County of Los Angeles.

14. Plaintiff is informed and believes, and thereon alleges, that at all times mentioned herein, Defendant CHRIS PARNASS,, an individual and president of CPP PROPERTIES, LLC, as advisor to LANDWIN GROUP, LLC, is and was at all times mentioned herein doing business in the State of California, County of Los Angeles.

15. Plaintiff is informed and believes, and thereon alleges, that at all times mentioned herein, Defendant MARSHALL REDDICK REALTY, INC., a California Corporation, is and was at all times mentioned herein a California Corporation, licensed as a real estate broker corporation doing business in the State of California, County of Los Angeles.

16. Plaintiff is informed and believes, and thereon alleges, that at all times mentioned herein, Defendant MARSHALL REDDICK SEMINARS, INC., a California Corporation, is and was at all times mentioned herein a California Corporation, conducted real estate seminars in the State of California, County of Los Angeles.

17. Plaintiff is informed and believes, and thereon alleges, that at all times mentioned herein, Defendant MARSHALL REDDICK, [hereinafter "REDDICK"], is and was at all times mentioned herein an individual and president of COMMERCIAL REAL ESTATE PROPERTIES, LLC, as partner in LANDWIN GROUP, LLC, residing in the State of California and doing business as a licensed real estate broker in County of Los Angeles.

18. Plaintiff is informed and believes, and thereon alleges, that at all times mentioned herein, Defendant MARSHALL REDDICK COMMERCIAL REAL ESTATE NETWORKS, INC., a California Corporation, is and was at all times mentioned herein a California Corporation, licensed as a real estate broker corporation

1  
2 doing business in the State of California, County of Los Angeles.

4 19 At all times mentioned herein, Defendants, and each of them, were the  
5 agents and employees of each of the Defendants, and were at all times acting within the  
6 course and scope of said agency and employment, and each Defendant has ratified and  
7 approved the acts of his agent.

8 20. That the true names and/or capacities, whether individual, corporate,  
9 associate, governmental or otherwise of Defendants Does 1 through 100, inclusive, are  
10 unknown to Plaintiff, who therefore sues said Defendants by such fictitious names.  
11 Each of the Defendants designated herein as a Doe is negligently or otherwise legally  
12 responsible in some manner for the events and happenings herein referred to and  
13 thereby proximately caused injuries and damages to the plaintiff as herein alleged.  
14 Plaintiff will ask leave of the Court to amend this complaint to show the true names and  
15 capacities of said DOES when the same have been ascertained.

16 21. Plaintiff is informed and believes and thereon alleges that each of the  
17 fictitiously named defendants are responsible in some manner for the occurrences  
18 alleged in this Complaint and the losses suffered by Plaintiff, and that Plaintiff's  
19 damages as alleged in this Complaint were proximately caused by their conduct.

20 22. Plaintiff is informed and believes and thereon alleges that at all times  
21 relevant to this action, the Defendants and Does 1 through 100, inclusive, and each of  
22 them, were the agents, representatives, partners and/or employees of one another, and in  
23 doing the things hereinafter alleged, were acting within the course and scope of such  
24 authority and employment and with the permission and consent of the Defendants.  
25 Plaintiff is further informed and believes and thereon alleges that all actions of each  
26 Defendant was ratified by each other Defendant.

### 27 **FACTUAL ALLEGATIONS**

28 23. According to its website, Landwin was "[o]riginally established by  
Martin Landis in 1986 as a boutique serving the interests of close 'family and friend'  
individual investors, the business was transformed in 2003 through the equal partnership



1  
2 of Mr. Landis with Co-Managing Principal, Seán Dennison, created for the purpose of  
3 combining the capabilities, resources and expansive relationship networks of the  
4 principals and their key partners to grow Landwin's business incrementally leveraging a  
5 truly superb prior performance record for the benefit of an expanding base of U.S. and  
6 international high net worth individual as well as institutional investor clients.”

7  
8 24. The website further states that “Currently, approximately 4,000,000  
9 combined square feet of superbly-located Western U.S. value-added retail, office and  
10 mixed-use assets are under management with an approximate current market value of  
11 over \$500,000,000. In addition, Landwin sources a continually-renewing, multi-billion  
12 dollar forward project pipeline of diverse, off-market and first-look, U.S. real estate  
13 projects attracting a new generation of U.S. and international investor clientele.”

14 25. The website makes claims that “The ‘Landwin System’ is a proven,  
15 proprietary, codified and copyrighted process encompassing every aspect of the real  
16 estate investment, development and management business. Based on a fundamentally  
17 ‘contrarian’ investment philosophy, the System is built on a deceptively simple set of  
18 ‘rules’ including, for example, Rule #1: ‘**Never Lose What You Have,**’ Rule #2:  
19 ‘Always Outpace Inflation,’ and Rule #3: ‘You Make Your Money When You Buy.’  
20 (Emphasis added).

21 26. The website boasts that “Landwin's **prior performance record speaks for**  
22 **itself** as the best testament to the proven soundness of our contrarian investment  
23 philosophy and power of our proprietary system. Disciplined adherence to our process,  
24 and a unique emphasis on creativity as a competitive advantage, particularly in  
25 structuring win-win relationships, difficult deals, and problem-solving, have enabled us  
26 to **produce a truly exceptional overall performance.**” (Emphasis added).

27 27. In the latter part of 2003, Defendants SMITHDENNISON CAPITAL, LLC,  
28 and JACK R. ANDREWS & ASSOCIATES, LLC, approached Defendant  
MARSHALL REDDICK to sell commercial real estate opportunities to the Marshall  
Reddick Real Estate Network members. As a result of the association with Marshall

Reddick, LANDWIN GROUP, LLC, was formed as partnership between Martin Landis, Sean Dennison, Jack Andrews, Marshall Reddick and Tom Casault.

28. On February 1, 2005, a private investment offering was made to the network members for ownership in Landwin Management, LLC, a new management company which purchased all of Landwin's "successful" commercial real estate management business.

29. On August 15, 2005, the offering was closed and Landwin raised approximately \$13,800,000 from 211 network members who acquired approximately 58% of the ownership interest in Landwin Management, LLC.

30. The remaining 42% interest in Landwin Management, LLC was retained by Landwin Group, LLC for 199 units at a fixed price of \$50,000 per share or \$9,950,000.

31. According to the private placement memorandum, "[u]pon the Initial Closing, the Company will have acquired the Asset Management Business and the Other Contributed Assets for \$5,800,000 in cash from the proceeds of the Offering to be paid to Sylvia for the goodwill, equipment, and furnishings of the Asset Management Business." It further states that "[t]he Asset Management Business includes **certain specific assets of Sylvia, and all goodwill assets of its affiliate, Landwin, including but not limited to, existing cash flow streams derived from certain fees payable to Sylvia** under currently existing Management and Leasing Service Agreements ('MLSAs') between Sylvia, functioning as the property manager (the 'Property Manager' or 'PM'), and each owner of one of the real property assets under management of Sylvia." (Emphasis added).

32. As compensation to defendants SYLVIA, INC. and SMITHDENNISON, LLC, as managers of Landwin Management, LLC, each get the following compensation package:

"(a) **a guaranteed management fee payable in semi-monthly installments of \$11,291.67**, increasing by the greater of 5% per year or the Consumer Price Index for the state of California , and subject to further increases



- 1  
2 approved by Members holding a majority of the Units (each a  
3 'Management Fee');  
4  
5 (b) **a closing fee equal to 1% of the gross proceeds of any closing,**  
6 including the Initial Closing, Final Closing, and any Subsequent Closing,  
7 resulting in total Offering closing fees of **up to \$300,000**, but with **not**  
8 **less than \$100,000** payable at the Initial Closing (each, a 'Closing Fee');  
9  
10 (c) **a retention fee of .25% of equity assets then under management** (other  
11 than with respect to the real properties subject to the existing MLSAs or  
12 any real property acquired in exchange for any other real property) for  
13 each full year of service after the first 60 months (each, a 'Retention  
14 Fee');  
15  
16 (d) **severance in the amount of one year's Management Fee** upon  
17 termination of the Management Agreement as provided therein;  
18  
19 (e) **reimbursement of insurance and medical expenses of up to \$30,000**  
20 **per year; and**  
21  
22 (f) **reimbursement of all costs** incurred in connection with the performance  
23 of duties, with **interest at the rate of 10% per year until paid."**

24 (Emphasis added).

25 33. For at least four years, a majority of Landwin Management, LLC's  
26 (hereinafter "LM") managers, together with its top officers, engaged in a secret scheme  
27 to deplete the assets of LM by paying to themselves and others high fees and salaries  
28 when the company was not making money as a business. LANDWIN GROUP, LLC,  
SYLVIA, INC., SMITHDENNISON CAPITAL, LLC, SEAN DENNISON, and  
MARTIN LANDIS (hereinafter "Managers") are the managers of LM and responsible  
for its day to day operation.

34. To entice investors to purchase shares of the company, defendants  
inflated the value of the company to investors, thereby raising over \$13.8 million from  
211 investors on representations that the investors would receive a 429.56% return on

1  
2 their investment over a 10 year period.

3  
4 35. In addition, to lure investors to contribute, in all of its advertisements, the  
5 managers made claims that **"For 20 years now, Landwin has delivered among the**  
6 **highest returns in the U.S. with Over 30% IRR per year, and "No Investor Has EVER**  
7 **Lost Money in any Landwin Investment!"** (Emphasis in original). The Landwin website  
8 still to this day shows a January 31, 2008, press release which claims **"For over two**  
9 **decades, Landwin has preserved an exceptional prior performance record of**  
10 **delivering over 30% per year overall average returns while no investor has ever lost**  
11 **money in any Landwin investment."** (Emphasis added). This is simply not the case.

12 36. Of the initial \$13.8 million, Martin Landis and his company, Sylvia, Inc.  
13 received a payout of \$5.8 million for the "goodwill" of the company. Mr. Landis  
14 purchased a \$5 million home in Malibu, California with the proceeds.

15 37. At closing, other fees including finder fees of \$690,000, closing fee and  
16 marketing expense of \$322,708, legal fees of \$9,515, accounting fees of \$172,604, and  
17 engineering fees of \$22,934 for a total of \$1,217,761 were paid out. The finders fees  
18 went to Marshall Reddick and Tom Casault among others.

19 38. After deducting \$7 million from the investment, there was \$6.8 million  
20 left for the development of the business.

21 39. On July 28, 2006, the managers sent out an email stating "Landwin  
22 Management CLOSES multi-million dollar investment. **The 211 Marshall Reddick**  
23 **Network Members** who last year (2005) invested to become **owners in our asset**  
24 **management company**, Landwin Management, LLC, had **\$2,000,000 of their invested**  
25 **capital placed** this week in an investment **delivering a guaranteed 30% return over**  
26 **the next 12 months.** Details of the investment are available to 'the 211.'" Not only were  
27 the investors not informed of this investment, but the 211 investors did not receive  
28 anything, let alone a 30% return over the next 12 months.

40. From August 2005 until January, 1, 2009, the \$6.8 million was squandered  
and used up by the managers by paying themselves each semi-monthly fees of

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2 \$11,291.67 with a 5% yearly escalation factor, a closing fee of 1% up to \$300,000 but  
3 not less than \$100,000, a retention fee of 0.25% of assets under management, a  
4 severance fee of 1 year of management fee, reimbursement of insurance and medical  
5 expenses up to \$30,000, and a work week of 3 days a week with 6 weeks of vacation.  
6 According to a memorandum dated December 19, 2008, what is left of the \$13.8 million  
7 is **"\$1,400,000 in capital remaining, with liabilities of approximately \$900,000 to**  
8 **\$1,100,000."** (Emphasis added). According to its tax returns, LM earned \$237,868 in  
9 2005, \$621,588 in 2006 and \$664,406 in 2007. According to the Business Valuation  
10 Report dated October 31, 2008, it states that "[a]t the present time, following a property  
11 disposition in early 2008, there are **just 6 properties being managed by Landwin** with  
12 **a current revenue stream of approximately \$25,000 per month.** This cannot  
13 **support the current operations** needed to manage the properties. A budget prepared  
14 by management for the periods following October 31, 2008 shows a **monthly burn rate**  
15 **of approximately \$120,000 per month.** . . . At **October 31, 2008** Landwin had **net**  
16 **cash of approximately \$1.8 million.** In addition Landwin had **fixed assets with a net**  
17 **book value of approximately \$150,000 for a combined net book value of**  
18 **approximately \$1.95 million,** most of which was fully liquid. This was **further**  
19 **reduced in November** by the **cash flow deficit of \$205,852."** (Emphasis added).  
20

21 41. According to its website, Landwin claims that it still delivers "exceptional  
22 returns," "prior performance record speaks for itself," "the 'Landwin' name  
23 synonymous with the highest standards of integrity . . ." In fact, the website makes  
24 Landwin appear as a very profitable and successful business. The reality of the situation  
25 is that Landwin depleted the assets of the Landwin Management, LLC for its own  
26 purposes of traveling all over the world to bring business to itself and not for the benefit  
27 of the 211 investors. On July 5, 2007, Landwin sent out the following email to the  
28 network investors: "As Albert Einstein once said, *"Creativity is more important than  
knowledge."* For over 21 Years now, *LANDWIN* has continuously demonstrated the  
power of creativity as its unique competitive advantage. Any "armchair" investor can

1  
2 buy property and benefit IF the market appreciates. LANDWIN's principals teach that it  
3 is hazardous to "bank on market appreciation." Instead, LANDWIN believes that  
4 SUPERIOR CREATIVE TALENT CREATES VALUE FOR INVESTORS.

5 LANDWIN's 30% PER YEAR HISTORICAL RESULTS speak for themselves, and as  
6 a member of our Network, YOU CAN NOW SHARE IN THE BENEFITS of: 1)  
7 SAFETY (In Our Network, Only LANDWIN Has Never Lost Member's Money);  
8 2)TAX-SHELTERED MONTHLY INCOME (In Our Network, Only LANDWIN Buys  
9 ONLY Positive Cash Flow; 3) TAX-FREE RETURN of CAPITAL (In Our Network,  
10 Only LANDWIN "Creates Value" thru Management); 4) TAX-SHELTERED PROFITS  
11 (In Our Network, Only LANDWIN Has 30% Per Year Returns). Emphasis in original.  
12

13 42. On February 4, 2008, Tom Casault, sent out this email stating that  
14 "Though I Have Not Been Associated with the Residential Network Organization for  
15 Over a Year Now, YOU are Still a Member of the Network I Helped Build for Many  
16 Years. You are Part of the Family I Introduced to LANDWIN After I Made a  
17 \$1,000,000 Investment of My Own with LANDWIN. Now that the Market Has Finally  
18 Corrected, and LANDWIN, as a "CONTRARIAN INVESTOR" is Perfectly Positioned to  
19 Begin Buying Again, I Have Never Been More Excited About My Investment with  
20 LANDWIN, and Its Ability to Deliver Exceptional Returns. YOU Should NOT Miss  
21 Out On the Extraordinary Opportunity to BENEFIT from LANDWIN'S Proven 22-Year  
22 Record of Delivering 30% Per Year Overall Average Returns to Investors."

23 43. On March 1, 2008, the managers sent out a letter to the investors stating  
24 that "[i]t is critically important to understand that you, the other Members, **the**  
25 **Managers and their good partners, Jack Andrews and Tom Casault , are all in this**  
26 **company together.** All of us have been **severely and irreparably harmed by**  
27 **Reddick**, and even with litigation against them, **Reddick still persists in harming us**  
28 **all.**"(emphasis added).

44. The managers introduced a new "business plan" where if the investors did  
not provide new capital, then the managers would go to outside sources thereby

1  
2 resulting in a dilution of the value of the member's share and a reduction in the  
3 percentage interest in the company.

4 45. The managers also disclosed for the first time that they were able to  
5 recover money lent to Defendant Reddick on an ill-fated project in Hawaii. The second  
6 strategy was "**Establish an Institutional Pedigree**: Once the Managers were able to  
7 recover the \$2,000,000 loan principal from Reddick related to the Ilikai Hotel condo-  
8 conversion development project in Hawaii in July, 2007, their attention was able to be  
9 focused on developing the Company's new business plan and, as part of that, replacing  
10 the Network as the source of investment capital for programs to be managed by the  
11 Company." (Emphasis in original).

12 46. The managers never disclosed to the investors at the time of purchase that  
13 the sole source for increased growth was dependent on the Network. This is a material  
14 omission which would have affected the decision to make the investment.

15 47. To add insult to injury, the only deal made by the Managers was for their  
16 own benefit. They stated that "[e]ach of the two Managers are entitled to transact one  
17 project independently of the Company, as per their Management Agreements.  
18 However, for this project, the Managers have decided to share 50% of the fee and  
19 profit-sharing income generated in this project for its manager with the Company.  
20 The Managers will share equally the other 50%. In doing this, the Managers have  
21 the right to transact additional projects this calendar year and share them with the  
22 Company until the equivalent of one full project has been transacted by each of the  
23 Managers in 2008. Despite the fact that the Company is practically out of money, the  
24 Managers "cherry-picked" the best projects for themselves. This was written into their  
25 contract they gave themselves. Based on their statement, the managers could do another  
26 3 projects where they can keep 50% of the income for themselves and then 41% of the  
27 income as managers of Landwin Management, LLC.

28 48. On September 26, 2008, the Managers sent out another letter to the  
investors regarding "URGENT VOTE OF THE MEMBERS OF THE COMPANY." In

1  
2 this letter it disclosed that none of the members contributed in the March 2008 Capital  
3 Call. First, the Managers again blamed Reddick for their woes. Then they blamed the  
4 economy. Never once did they assume any responsibility for their own actions or lack  
5 thereof. Now to keep the company afloat, there were three options proposed: 1) by  
6 contributing an additional \$2,000,000 (or \$9390 per member) the company can stay  
7 solvent without any outside financing; 2) get some or all financed by an outside lender  
8 resulting in a reduction of equity in the company by 70%; or 3) do nothing and run out  
9 of money and go out of business. The members had to decide by October 10, 2008.

10  
11 49. On May 13, 2009, the Managers sent out an email stating "Our CPA has  
12 notified all IRA custodians that the **estimated value of a unit of limited liability**  
13 **company membership interest in Landwin Management, LLC** (each a "Unit"),  
14 which was **originally purchased for a minimum of \$50,000, is worth as of April 30,**  
15 **2009, only \$382."** (Emphasis added). This is from a company that still claims it returns  
16 of 30% per year and that no investor has ever lost money.

17 50. On November 12, 2009, Landwin Management LLC was bought out by  
18 Sylvia Inc. – owned by Martin Landis and SmithDennison Capital LLC – owned by  
19 Sean Dennison with no monetary considerations given back to the investors. Sean  
20 Dennison received \$500,000 to step down as Manager and Martin Landis received 51%  
21 of the Company, thereby leaving the investors 49% with no compensation, thereby  
22 further diluting the value of their shares. Martin Landis and Sean Dennison, the  
23 managers made a decision to close down Landwin Management LLC just after they  
24 looted the investors' funds in this company. This company is being replaced by "Broad  
25 Beach Advisors LLC" which is solely owned by Martin Landis and Sean Dennison and  
26 this is formed to manage Partners Fund I and II and other Funds. Broad Beach  
27 Advisors LLC is a Delaware corporation filed by Sean Dennison at the California  
28 Secretary of State on February 18, 2009. Despite being bought out of Landwin  
Management, LLC, Sean Dennison continues to participate in all other Landwin



investments as Martin Landis's partner.

**PLAINTIFF MICHAEL KRONK'S PURCHASE OF 1 UNIT**

51. In August, 2005, Plaintiff, Michael Kronk, a member of the Marshall Reddick Real Estate Network, found out about Landwin Management, LLC through presentations made by defendants SEAN DENNISON and CHRIS PARNASS at the Reddick seminars.

52. Plaintiff invested \$50,000 for one share of Landwin Management, LLC. He purchased through Landwin based on their promises through newsletters, emails, presentations, phone conversations with defendants SEAN DENNISON and CHRIS PARNASS and through seminars, where he was told that this investments was projected to produce a 40% per-year cash-on-cash return to investors and Landwin's 21-year track record speaks for itself: No Investor has ever Lost Money and Landwin's Returns far Exceed 31% per year.

53. Plaintiff has never received any distributions in 4 years from his Landwin Management LLC investment .

54. In the 2007 K-1 it stated that Plaintiff lost \$4,057 for the year. In the 2008 K-1 it stated that Plaintiff lost \$4,290. It also stated that Plaintiff still have \$40,232 capital account.

55. According to the documents received by Plaintiff, the salary paid to Martin Landis – Sylvia Inc from investors funds as a manager (none of which were disclosed to investors):

a. 2005 - \$295,132.29 – from Landwin Management LLC

b. 2006 - \$338,750.10 – from Landwin Management LLC

c. 2007 - \$271,000.08 - from Landwin Management LLC

**Total salary for 3 years: \$904,882.47**

Salary paid to Sean Dennison – SmithDennison Capital LLC from investors funds as a manager (none of which were disclosed to investors):

d. 2005 - \$263,674.31 – from Landwin Management LLC

e. 2006 - \$278,250.08 - from Landwin Management LLC

f. 2007 - \$295,241.86 - from Landwin Management LLC

**Total salary for 3 years: \$837,166.25**

56. Based on Plaintiff's investigation, it appears that Landwin is representing itself to the outside world as a very successful enterprise while at the same time it is crying poverty to the Reddick investors who were foolish enough to believe their claims. Not only has Landwin not given Plaintiff and other 210 investors a return on their money, they are not returning the money to the investors. Instead the investors are going to receive less than 1¢ on the dollar or \$382.00 on a \$50,000 investment.

**MARSHALL REDDICK'S BREACH OF CONTRACT AND LANDWIN LAWSUIT AGAINST HIM AND HIS ENTITIES**

57. On March 17, 2006, Defendant MARSHALL REDDICK entered into a contract with Defendant LANDWIN GROUP, LLC, for the purpose of giving Landwin Group the exclusive referral of all prospective investors for commercial real estate investment opportunities to Landwin.Group. Defendant MARSHALL REDDICK is a partner of Defendant LANDWIN GROUP, INC, and received a portion of the \$690,000 finder's fee.

58. According to the lawsuit filed by Landwin against Reddick, Los Angeles Superior Court Case number BC378287, paragraph 12, it is alleged that "Defendant Marshall Reddick Commercial Real Estate Network, Inc., is an entity formed by Marshall Reddick on September 20, 2007, which Plaintiffs believe was created to divert funds and avoid the consequences of the suit herein."

1  
2           59.     The lawsuit at paragraph 25 states that the Reddick Defendants “were  
3 secretly themselves using the network member’s data, as well as making the network and  
4 data available to third parties for solicitation of multiple commercial real estate  
5 investments. The Defendants knew they had acted in contradiction to their representation.  
6 After discovery of the misrepresentation by the Plaintiffs in January 2007, these  
7 Defendants were confronted by the true facts of their action. The Defendants  
8 acknowledged their breach and misrepresentation. But they then misrepresented that such  
9 conduct had ceased. Even while the Plaintiffs worked in good faith to provide the  
10 Defendants every reasonable opportunity to desist, and preserve the business relationship  
11 for the benefit of the network members, the Defendant continued to breach in multiple  
12 occasions during February and March, 2007. It is now believed that they never intended  
13 to follow through on any of the representations they had made. Finally on April 5, 2007,  
14 the Landwin Group gave written notice of breach and demanded that Marshall Reddick  
15 cease and desist.”

16  
17           60.     According to the complaint, in paragraph 33 it states that Landwin  
18 Management, LLC has “lost significant, multi-million dollar income from fees and  
19 profit-sharing rights to which they are entitled from Landwin REIT, as that public REIT’s  
20 ‘asset manager’ . . .” and “has suffered additional loss of fee and profit-sharing income  
21 due to the inability of Landwin Partner’s Find II, LLC, to raise capital from network  
22 members as a result of the Defendant’s ongoing misconduct.”

23     **DEFENDANT TOM CASAULT AND HIS COMPANY MUIR, LLC**

24           61.     According to the Landwin website it states that “Introduced to Landwin by  
25 Sean Dennison, Tom Casault is Manager of Muir, LLC (Muir), a Long Beach, CA-based  
26 commercial real estate asset holding and consulting company engaged by Landwin.”

27           62.     Tom Casault is a partner in Defendant LANDWIN GROUP, LLC, and was  
28 an active participant in the operations of Landwin Management, LLC. Defendant TOM  
CASAULT received a portion of the \$690,000 finder’s fee.

63.     On February 4, 2008, Tom Casault, sent out this email stating that “Though

I Have Not Been Associated with the Residential Network Organization for Over a Year Now, YOU are Still a Member of the Network I Helped Build for Many Years. You are Part of the Family I Introduced to LANDWIN After I Made a \$1,000,000 Investment of My Own with LANDWIN. Now that the Market Has Finally Corrected, and LANDWIN, as a "CONTRARIAN INVESTOR" is Perfectly Positioned to Begin Buying Again, I Have Never Been More Excited About My Investment with LANDWIN, and Its Ability to Deliver Exceptional Returns. **YOU Should NOT Miss Out On the Extraordinary Opportunity to BENEFIT from LANDWIN'S Proven 22-Year Record of Delivering 30% Per Year Overall Average Returns to Investors.**" Defendant TOM CASAULT made these representations to Plaintiff and others similarly situated to him knowing that these statements were false because by February, 2008, Plaintiff had already lost value in his initial investment. Despite these gross misrepresentations, Landwin Management, LLC, was losing money every year due to the mismanagement of Defendant TOM CASAULT, his entity as a Landwin consultant, and his other LANDWIN GROUP, LLC partners.

**CHRIS PARNASS AND HIS COMPANY, CPP PROPERTIES, LLC**

64. According to the Landwin website, it states that "Introduced to Landwin by Sean Dennison, Chris Parnass is CEO of CPP Properties, LLC (CPP), a San Pedro, CA-based commercial real estate development management consulting firm engaged by Landwin Management, LLC, to source, acquire and manage development joint ventures under Landwin's "Master Manager" JV partnership model." Defendant CHRIS PARNASS conducted seminars, of which in 2007 Plaintiff was a participant, wherein PARNASS made a presentation on other Landwin investments unrelated to the Landwin Management, LLC. Even though PARNASS was selling other non-related investments, his consulting fees were being paid by Landwin Management, LLC.

65. On May 5, 2008, Defendant CHRIS PARNASS filed a class action lawsuit, entitled, *Chris Parnass v. UBS AG*, et al, Case No. BC390220, in the Superior Court of the State of California, County of Los Angeles, brought under state law on behalf of "all

1  
2 persons and entities who provided funds for the account named Landwin Management,  
3 from which Plaintiffs purchased and now hold auction rate securities."

4  
5 66. In that lawsuit, in paragraph 5, Defendant CHRIS PARNASS as Plaintiff  
6 alleges that the "members of the Class are 211 or greater in number." In paragraph 3,  
7 PARNASS further alleges that "monies provided to Defendant by Landwin  
8 Management"and originally invested in "liquid `Federal Funds'" were "later reinvested ...  
9 in auction rate securities, some of which were underwritten and sold by UBS." He also  
10 alleges in paragraph 6(c)that "statements made by Defendants to the investing public  
11 misrepresented or omitted material facts about the liquidity risks associated with auction  
12 rate securities and the market for such securities, and pursued market manipulation  
13 intended to create a false appearance of active trading of such securities...." In paragraphs  
14 12 and 35, PARNASS alleges that Defendants misrepresented to investors that "auction  
15 rate securities were the same as cash and were highly liquid, safe investments for short-  
16 term investing. In paragraphs 14, 15, 35, 40.1, PARNASS further alleges that Defendants  
17 failed to disclose that auction rate securities 1) "were not cash alternatives," 2)"were only  
18 liquid at the time of sale because UBS and other brokerdealers in the auction market were  
19 artificially supporting and manipulating the market to maintain an appearance of liquidity  
20 and stability", and 3) "were not short-term investments ... and that the short-term nature  
21 of the securities and the ability of investors to quickly convert their auction rate securities  
22 into cash depended entirely on the perpetuation of the artificial auction market."

23 67. Defendant CHRIS PARNASS acted as the lead plaintiff on behalf of the  
24 other members of the Landwin Management, LLC, yet did not disclose to the other  
25 members that a class action was filed on their behalf. It was clearly a conflict for  
26 Defendant CHRIS PARNASS to be the lead plaintiff on behalf of the other non-Landwin  
27 members because he was clearly part of the management team. This was not disclosed in  
28 the lawsuit.

68. Defendants LANDWIN GROUP, LLC, SYLVIA, INC., SMITHDENNISON  
CAPITAL, LLC, failed to disclose to the members of Landwin Management, LLC, that

1  
2 they invested over \$2,000,000 of their money in a risky investment. Defendants failed to  
3 notify the members of the problems with the investment and that they chose Defendant  
4 CHRIS PARNASS to be the lead plaintiff.

5 69. Neither Defendants CHRIS PARNASS, LANDWIN GROUP, LLC, SYLVIA,  
6 INC., SMITHDENNISON CAPITAL, LLC, informed the members of the Landwin  
7 Management, LLC, that a settlement was achieved wherein a settlement of over  
8 \$2,000,000 was paid to CHRIS PARNASS.

9 70. To this day, Plaintiff knows nothing about the settlement, whether  
10 Defendant CHRIS PARNASS kept all or a portion of the proceeds, whether Defendants  
11 LANDWIN GROUP, LLC, SYLVIA, INC., SMITHDENNISON CAPITAL, LLC, kept it for  
12 themselves or returned it to Landwin Management As with everything else there was no  
13 transparency and a secrecy when it came to use of the money.

14 **NORMAN BANGERTER AND NHB FAMILY PARTNERS, LLC**

15 71. According to the Landwin website "Introduced to Landwin by long-time  
16 partners, Sean Dennison and Jack Andrews, Mr. Bangerter is the former two-term  
17 Governor of the State of Utah, and Manager of NHB Family Partners, LLC (NHB), a  
18 South Jordan, UT-based real estate asset holding company and an advisor to the  
19 "Landwin" companies."

20 72. Defendant NORM BANGERTER and his company NHB FAMILY  
21 PARTNERS, LLC, is an advisory partner of Defendant LANDWIN GROUP, LLC, and  
22 Landwin Management, LLC.

23 73. Defendant BANGERTER served as an advisor to both LANDWIN GROUP,  
24 LLC. and Landwin Management, LLC.

25 74. Plaintiff is informed and believes and thereon alleges that Defendant  
26 BANGERTER, as advisor, was personally consulted and gave advice in each of the  
27 decisions, and acted as a co-conspirator in defrauding the network investors of their  
28 \$13,800,000 investment.

**JACK R. ANDREWS AND HIS COMPANY, JACK R. ANDREWS AND**



**ASSOCIATES, LLC**

75. According the Landwin website, "Introduced to Landwin by long-time partner, Sean Dennison, Mr. Andrews is manager of Jack R. Andrews & Associates, LLC (JRA), a Salt Lake City, UT-based residential real estate investment, development, marketing, sales and management company and an advisor to the 'Landwin' companies."

76. Defendant JACK ANDREWS, and his company, JACK R. ANDREWS AND ASSOCIATES, LLC, is an advisory partner in LANDWIN GROUP, LLC, and Landwin Management, LLC.

77. Defendant JACK ANDREWS served as an advisor to both LANDWIN GROUP, LLC. and Landwin Management, LLC. In the latter part of 2003, Defendants SMITHDENNISON CAPITAL, LLC, and JACK R. ANDREWS & ASSOCIATES, LLC, approached Defendant MARSHALL REDDICK to sell commercial real estate opportunities to the Marshall Reddick Real Estate Network members. Defendant JACK ANDREWS received a portion of the \$690,000 finder's fee.

78. Plaintiff is informed and believes and thereon alleges that Defendant JACK ANDREWS, as advisor, was personally consulted and gave advice in each of the decisions, and acted as a co-conspirator in defrauding the network investors of their \$13,800,000 investment.

**DUTIES OF THE INDIVIDUAL DEFENDANTS**

79. By reason of their positions as officers and/or directors of the Company and because of their ability to control the business and corporate affairs of the Company, the Individual Defendants owed the Company and its shareholders the fiduciary obligations of good faith, trust, loyalty, and due care, and were and are required to use their utmost ability to control and manage the Company in a fair, just, honest, and equitable manner. The Individual Defendants were and are required to act in furtherance of the best interests of the Company and its shareholders so as to benefit all shareholders equally and not in furtherance of their personal interest or benefit. Each director and officer of the Company owes to the Company and its shareholders the fiduciary duty to exercise good

1  
2 faith and diligence in the administration of the affairs of the Company and in the use and  
3 preservation of its property and assets, and the highest obligations of fair dealing.

4 80. The Individual Defendants, because of their positions of control and  
5 authority as directors and/or officers of the Company, were able to and did, directly  
6 and/or indirectly, exercise control over the wrongful acts complained of herein.

7 81. To discharge their duties, the officers and directors of the Company were  
8 required to exercise reasonable and prudent supervision over the management, policies,  
9 practices and controls of the Company. By virtue of such duties, the officers and directors  
10 of the Company were required to, among other things:

11 a. exercise good faith in ensuring that the affairs of the Company were conducted  
12 in an efficient, business-like manner so as to make it possible to provide the highest  
13 quality performance of its business;

14 b. exercise good faith in ensuring that the Company was operated in a diligent,  
15 honest and prudent manner and complied with all applicable federal and state laws, rules,  
16 regulations and requirements, including acting only within the scope of its legal  
17 authority;

18 c. exercise good faith in supervising the preparation, filing and/or dissemination  
19 of financial statements, press releases, audits, reports or other information required by  
20 law, and in examining and evaluating any reports or examinations, audits, or other  
21 financial information concerning the financial condition of the Company;

22 d. exercise good faith in ensuring that the Company's financial statements were  
23 prepared in accordance with Generally Accepted Accounting Principles ("GAAP"); and

24 e. refrain from unduly benefitting themselves and other Company insiders  
25 at the expense of the Company.

26 82. The Individual Defendants, particularly the members of the managers, were  
27 responsible for maintaining and establishing adequate internal accounting controls for the  
28 Company and to ensure that the Company's financial statements were based on accurate  
financial information. According to GAAP, to accomplish the objectives of accurately

1  
2 recording, processing, summarizing, and reporting financial data, a corporation must  
3 establish an internal accounting control structure.

4 Among other things, the Individual Defendants were required to:

5 (1) make and keep books, records, and accounts, which, in reasonable detail,  
6 accurately and fairly reflect the transactions and dispositions of the assets of the  
7 Company; and (2) devise and maintain a system of internal accounting controls sufficient  
8 to provide reasonable assurances that –

9 (a) transactions are executed in accordance with management's general or specific  
10 authorization;

11 (b) transactions are recorded as necessary to permit preparation of financial  
12 statements in conformity with [GAAP].

### 13 JURISDICTION AND VENUE

14  
15 84. This Court has jurisdiction over the subject matter of this action pursuant to  
16 Section 22 of the Securities Act (15 U.S.C. § 77v), Section 27 of the Exchange Act (15  
17 U.S.C. § 78aa), 28 U.S.C. § 1331, and under the Class Action Fairness Act of 2005,  
18 which, inter alia, amends 28 U.S.C. § 1332 to add a new subsection (d) conferring federal  
19 jurisdiction over class actions where, as here, "any member of a class is a citizen of a  
20 State different from any other Defendant," and the aggregated amount in controversy  
21 exceeds five million dollars (\$5,000,000). *See* 28 U.S.C. § 1332(d)(2), (6). This Court  
22 has federal subject matter jurisdiction of the RICO claim as a federal question pursuant to  
23 28 U.S.C. §§ 1331 and 18 U.S.C. § 1964(c) (civil remedies for RICO violations); This  
24 Court has supplemental jurisdiction over the state law claims asserted herein pursuant to  
25 28 U.S.C. § 1367(a). This action is not a collusive one to confer jurisdiction on a court of  
26 the United States which it would not otherwise have.  
27  
28

1  
2 85. This Court has personal jurisdiction over the parties because Plaintiff submits  
3  
4 to the jurisdiction of the Court that Defendants conduct substantial business within the  
5 District and are licensed insurers under the Arizona Insurance code. Further, Defendants'  
6 conduct giving rise to the complaint occurred, in part, in this district and Defendants  
7 maintain offices in this district.  
8

9 86. Venue is proper in this district under 28 U.S.C. § 1391 and 18 U.S.C. § 1965  
10 because some of the actions alleged in this complaint occurred, in substantial part, in this  
11 district. Specifically, preparation and/or dissemination of materially false and misleading  
12 statements and omissions and deceptive sales tactics occurred in this district. In addition,  
13 one or more Defendants either reside or maintain offices in this district; some of the  
14 transactions complained of herein occurred in this district; and statements of material fact  
15 that were deceptive and misleading or that omitted to state material facts necessary in  
16 order to make the statements made, in light of the circumstances in which they were  
17 made, not misleading, were made in this district; and the investment that is at issue in this  
18 case are advertised, marketed, and sold in this district. Venue is proper in this district  
19 because a substantial portion of the transactions and wrongs complained of herein,  
20 including the defendants' primary participation in the wrongful acts detailed herein,  
21 occurred in this district. One or more of the defendants either resides in or maintains  
22 executive offices in this district, and defendants have received substantial compensation  
23 in this district by engaging in numerous activities and conducting business here, which  
24 had an effect in this district.  
25  
26  
27  
28

87. Defendants, directly or indirectly, used the means and instrumentalities of

interstate commerce, including the mails and interstate telephone and data communications in connection with the acts and conduct alleged herein.

### **CLASS ACTION ALLEGATIONS**

88. Plaintiff bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure, on behalf of themselves and a Class consisting of: All persons who purchased at least one unit of Landwin Management, LLC between the period of February 1, 2005 and August 15, 2005. Excluded from the Class are Defendants, the other officers and directors of the corporate 4 defendants, and the members of those persons' immediate families, any entity in which any defendant has a controlling interest, and the legal affiliates, heirs, controlling persons, agents, successors and predecessors in interest or assigns of any such excluded person or entity.

89. This action is properly maintainable as a class action because:

a. The Class is so numerous that joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiffs at this time but less than 211, persons who purchased Defendants' Landwin Management, LLC, units Class members may be identified from the records maintained by Defendants and/or their agents, and Class members may be notified of the pendency of this action using a form of notice and dissemination methods similar to those customarily used in other class actions.

b. Plaintiff's claims are typical of the claims of the other members of the Class. Plaintiffs and all members of the Class purchased and/or acquired their units in Landwin

1  
2 Management, LLC, in reliance upon Defendants' statements to the public and sustained  
4 damages as a result of Defendants' wrongful conduct complained of herein.

5 c. Plaintiff is a representative party who will fairly and adequately protect the  
6 interests of the other members of the Class and has retained counsel competent and  
7 experienced in class action securities litigation.  
8

9 d. A class action is superior to other available methods for the fair and efficient  
10 adjudication of the claims asserted herein because joinder of all members is  
11 impracticable. Furthermore, because the damages suffered by each individual Class  
12 member may be relatively small, the expense and burden of individual litigation make it  
13 impracticable for Class members to individually redress the wrongs done to them.  
14

15 e. Plaintiff anticipates no unusual difficulties in the management of this action as  
16 a class action.  
17

18 90. There are common questions of law and fact that predominate over any  
19 questions affecting any individual members of the Class.  
20

21 91. The questions of law and fact that are common to Plaintiffs and the Class  
22 include, among others:

23 a. whether the federal securities laws were violated by Defendants' acts and  
24 omissions as alleged herein;  
25

26 b. whether Defendants and their agents sold securities during the Class Period by  
27 means of standardized, untrue and/or misleading statements of material fact or by means  
28 of standardized omissions of material fact necessary to make the statements made, in  
light of the circumstances in which they were made, not misleading;



1  
2 c. whether Defendants and their agents acted in concert or engaged as principal  
4 and agent in the making of materially false and misleading statements in connection with  
5 the sale of units in the Landwin Management, LLC;

6 d. whether, with respect to claims alleged under the Exchange Act, Defendants  
7 and/or their agents acted with knowledge or with reckless disregard for the truth in  
8 omitting to state and/or misrepresenting material facts;

10 e. whether Defendants LANDWIN GROUP, LLC, SMITHDENNISON  
11 CAPITAL, LLC, MARSHALL REDDICK, TOM CASALT, JACK R. ANDREWS  
12 AND ASSOCIATES, LLC, and SYLVIA, INC. were controlling persons of Landwin  
13 Management, LLC, agents under Section 20(a) of the Exchange Act;

15 f. whether the Individual Control Persons Defendants were controlling persons  
16 of Landwin Management, LLC, within the meaning of Section 15 of the Securities Act  
17 and Section 20(a) of the Exchange Act;

19 g. whether Defendants LANDWIN GROUP, LLC, SMITHDENNISON  
20 CAPITAL, LLC, MARSHALL REDDICK, TOM CASALT, JACK R. ANDREWS  
21 AND ASSOCIATES, LLC, and SYLVIA, INC. were controlling persons of Landwin  
22 Management, LLC, within the meaning of Section 20(a) of the Exchange Act;

24 h. whether punitive damages should be awarded;

25 i. whether Plaintiffs and the Class have been damaged or are entitled to  
26 restitution or reformation as a result of the misrepresentations and omissions and course  
27 of conduct described herein, and, if so, the appropriate measure of damages in this action.  
28

**DEFENDANTS' WRONGFUL COURSE OF CONDUCT**

1  
2 92. For at least four years, a majority of Landwin Management, LLC's  
4 (hereinafter "LM") managers, together with its top officers, engaged in a secret scheme  
5 to deplete the assets of LM by paying to themselves and others high fees and salaries  
6 when the company was not making money as a business. LANDWIN GROUP, LLC,  
7 SYLVIA, INC., SMITHDENNISON CAPITAL, LLC, SEAN DENNISON, and  
8 MARTIN LANDIS (hereinafter "Managers") are the managers of LM and responsible  
9 for its day to day operation.  
10

11 93. To entice investors to purchase shares of the company, defendants inflated  
12 the value of the company to investors, thereby raising over \$13.8 million from 211  
13 investors on representations that the investors would receive a 429.56% return on their  
14 investment over a 10 year period.  
15

16 95. In addition, to lure investors to contribute, in all of its advertisements, the  
17 managers made claims that **"For 20 years now, Landwin has delivered among the**  
18 **highest returns in the U.S. with Over 30% IRR per year, and "No Investor Has EVER**  
19 **Lost Money in any Landwin Investment!"** (Emphasis in original). The Landwin website  
20 still to this day shows a January 31, 2008, press release which claims **"For over two**  
21 **decades, Landwin has preserved an exceptional prior performance record of**  
22 **delivering over 30% per year overall average returns while no investor has ever lost**  
23 **money in any Landwin investment."** (Emphasis added). This is simply not the case.  
24  
25

26 96. Of the initial \$13.8 million, Martin Landis and his company, Sylvia, Inc.  
27 received a payout of \$5.8 million for the "goodwill" of the company. Mr. Landis  
28

1  
2 purchased a \$5 million home in Malibu, California with the proceeds.

4 97. At closing, other fees including finder fees of \$690,000, closing fee and  
5 marketing expense of \$322,708, legal fees of \$9,515, accounting fees of \$172,604, and  
6 engineering fees of \$22,934 for a total of \$1,217,761 were paid out. The finders fees  
7 went to Marshall Reddick and Tom Casault among others.  
8

9 98. After deducting \$7 million from the investment, there was \$6.8 million left  
10 for the development of the business.  
11

12 99. On July 28, 2006, the managers sent out an email stating "Landwin  
13 Management CLOSES multi-million dollar investment. **The 211 Marshall Reddick**  
14 **Network Members** who last year (2005) invested to become **owners in our asset**  
15 **management company**, Landwin Management, LLC, had **\$2,000,000 of their invested**  
16 **capital placed** this week in an investment **delivering a guaranteed 30% return over**  
17 **the next 12 months**. Details of the investment are available to 'the 211.'" Not only were  
18 the investors not informed of this investment, but the 211 investors did not receive  
19 anything, let alone a 30% return over the next 12 months.  
20  
21

22 100. From August 2005 until January, 1, 2009, the \$6.8 million was squandered  
23 and used up by the managers by paying themselves each semi-monthly fees of  
24 \$11,291.67 with a 5% yearly escalation factor, a closing fee of 1% up to \$300,000 but not  
25 less than \$100,000, a retention fee of 0.25% of assets under management, a severance fee  
26 of 1 year of management fee, reimbursement of insurance and medical expenses up to  
27 \$30,000, and a work week of 3 days a week with 6 weeks of vacation. According to a  
28

1  
2 memorandum dated December 19, 2008, what is left of the \$13.8 million is **“\$1,400,000**  
4 **in capital remaining, with liabilities of approximately \$900,000 to \$1,100,000.”**  
5 (Emphasis added). According to its tax returns, LM earned \$237,868 in 2005, \$621,588  
6 in 2006 and \$664,406 in 2007. According to the Business Valuation Report dated  
7 October 31, 2008, it states that “[a]t the present time, following a property disposition in  
8 early 2008, there are **just 6 properties being managed by Landwin** with a **current**  
9 **revenue stream of approximately \$25,000 per month.** This **cannot support the**  
10 **current operations** needed to manage the properties. A budget prepared by management  
11 for the periods following October 31, 2008 shows a **monthly burn rate of**  
12 **approximately \$120,000 per month. . . . At October 31, 2008 Landwin had net cash of**  
13 **approximately \$1.8 million.** In addition Landwin had **fixed assets with a net book**  
14 **value of approximately \$150,000 for a combined net book value of approximately**  
15 **\$1.95 million,** most of which was fully liquid. This was **further reduced in November**  
16 **by the cash flow deficit of \$205,852.”** (Emphasis added).  
17  
18  
19  
20

21 101. According to its website, Landwin claims that it still delivers  
22 “exceptional returns,” “prior performance record speaks for itself,” “the ‘Landwin’ name  
23 synonymous with the highest standards of integrity . . .” In fact, the website makes  
24 Landwin appear as a very profitable and successful business. The reality of the situation  
25 is that Landwin depleted the assets of the Landwin Management, LLC for its own  
26 purposes of traveling all over the world to bring business to itself and not for the benefit  
27 of the 211 investors.  
28

1  
2 102. The lawsuit by Landwin against Reddick at paragraph 25 states that the  
4 Reddick Defendants “were secretly themselves using the network member’s data, as well  
5 as making the network and data available to third parties for solicitation of multiple  
6 commercial real estate investments. The Defendants knew they had acted in contradiction  
7 to their representation. After discovery of the misrepresentation by the Plaintiffs in  
8 January 2007, these Defendants were confronted by the true facts of their action. The  
9 Defendants acknowledged their breach and misrepresentation. But they then  
10 misrepresented that such conduct had ceased. Even while the Plaintiffs worked in good  
11 faith to provide the Defendants every reasonable opportunity to desist, and preserve the  
12 business relationship for the benefit of the network members, the Defendant continued to  
13 breach in multiple occasions during February and March, 2007. It is now believed that  
14 they never intended to follow through on any of the representations they had made.  
15 Finally on April 5, 2007, the Landwin Group gave written notice of breach and  
16 demanded that Marshall Reddick cease and desist.”  
17

18  
19  
20 103. According to the complaint, in paragraph 33 it states that Landwin  
21 Management, LLC has “lost significant, multi-million dollar income from fees and  
22 profit-sharing rights to which they are entitled from Landwin REIT, as that public REIT’s  
23 ‘asset manager’ . . .” and “has suffered additional loss of fee and profit-sharing income  
24 due to the inability of Landwin Partner’s Find II, LLC, to raise capital from network  
25 members as a result of the Defendant’s ongoing misconduct.”  
26

27 104. On February 4, 2008, Tom Casault, sent out this email stating that  
28 “Though I Have Not Been Associated with the Residential Network Organization for

1  
2 Over a Year Now, YOU are Still a Member of the Network I Helped Build for Many  
4 Years. You are Part of the Family I Introduced to LANDWIN After I Made a \$1,000,000  
5 Investment of My Own with LANDWIN. Now that the Market Has Finally Corrected,  
6 and LANDWIN, as a "CONTRARIAN INVESTOR" is Perfectly Positioned to Begin  
7 Buying Again, I Have Never Been More Excited About My Investment with LANDWIN,  
8 and Its Ability to Deliver Exceptional Returns. **YOU Should NOT Miss Out On the**  
9 **Extraordinary Opportunity to BENEFIT from LANDWIN'S Proven 22-Year**  
10 **Record of Delivering 30% Per Year Overall Average Returns to Investors."**  
11  
12 Defendant TOM CASAULT made these representations to Plaintiff and others similarly  
13 situated to him knowing that these statements were false because by February, 2008,  
14 Plaintiff had already lost value in his initial investment. Despite these gross  
15 misrepresentations, Landwin Management, LLC, was losing money every year due to the  
16 mismanagement of Defendant TOM CASAULT, his entity as a Landwin consultant, and  
17 his other LANDWIN GROUP, LLC partners.

20  
21 105. Defendant CHRIS PARNASS acted as the lead plaintiff on behalf of the  
22 other members of the Landwin Management, LLC, yet did not disclose to the other  
23 members that a class action was filed on their behalf. It was clearly a conflict for  
24 Defendant CHRIS PARNASS to be the lead plaintiff on behalf of the other non-Landwin  
25 members because he was clearly part of the management team. This was not disclosed in  
26 the lawsuit.

28 106. Defendants LANDWIN GROUP, LLC, SYLVIA, INC., SMITHDENNISON  
CAPITAL, LLC, failed to disclose to the members of Landwin Management, LLC, that



1  
2 they invested over \$2,000,000 of their money in a risky investment. Defendants failed to  
4 notify the members of the problems with the investment and that they chose Defendant  
5 CHRIS PARNASS to be the lead plaintiff.

6       107. Neither Defendants CHRIS PARNASS, LANDWIN GROUP, LLC,  
7 SYLVIA, INC., SMITHDENNISON CAPITAL, LLC, informed the members of the Landwin  
8 Management, LLC, that a settlement was achieved wherein a settlement of over  
9 \$2,000,000 was paid to CHRIS PARNASS.

10  
11       108. To this day, Plaintiff knows nothing about the settlement, whether  
12 Defendant CHRIS PARNASS kept all or a portion of the proceeds, whether Defendants  
13 LANDWIN GROUP, LLC, SYLVIA, INC., SMITHDENNISON CAPITAL, LLC, kept it for  
14 themselves or returned it to Landwin Management As with everything else there was no  
15 transparency and a secrecy when it came to use of the money.

16  
17       109. Defendant BANGERTER served as an advisor to both LANDWIN  
18 GROUP, LLC. and Landwin Management, LLC.

19  
20       110. Plaintiff is informed and believes and thereon alleges that Defendant  
21 BANGERTER, as advisor, was personally consulted and gave advice in each of the  
22 decisions, and acted as a co-conspirator in defrauding the network investors of their  
23 \$13,800,000 investment.

24  
25       111. Defendant JACK ANDREWS served as an advisor to both LANDWIN  
26 GROUP, LLC. and Landwin Management, LLC. In the latter part of 2003, Defendants  
27 SMITHDENNISON CAPITAL, LLC, and JACK R. ANDREWS & ASSOCIATES,  
28 LLC, approached Defendant MARSHALL REDDICK to sell commercial real estate

1  
2 opportunities to the Marshall Reddick Real Estate Network members. Defendant JACK  
4 ANDREWS received a portion of the \$690,000 finder's fee.

5 112. Plaintiff is informed and believes and thereon alleges that Defendant JACK  
6 ANDREWS , as advisor, was personally consulted and gave advice in each of the  
7 decisions, and acted as a co-conspirator in defrauding the network investors of their  
8 \$13,800,000 investment.  
9

10 113. On November 12, 2009, Landwin Management LLC was bought out by  
11 Sylvia Inc. – owned by Martin Landis and SmithDennison Capital LLC – owned by Sean  
12 Dennison with no monetary considerations given back to the investors. Sean Dennison  
13 received \$500,000 to step down as Manager and Martin Landis received 51% of the  
14 Company, thereby leaving the investors 49% with no compensation, thereby further  
15 diluting the value of their shares. Martin Landis and Sean Dennison, the managers made  
16 a decision to close down Landwin Management LLC just after they looted the investors'  
17 funds in this company. This company is being replaced by "Broad Beach Advisors LLC"  
18 which is solely owned by Martin Landis and Sean Dennison and this is formed to  
19 manage Partners Fund I and II and other Funds. Broad Beach Advisors LLC is a  
20 Delaware corporation filed by Sean Dennison at the California Secretary of State on  
21 February 18, 2009. Despite being bought out of Landwin Management, LLC, Sean  
22 Dennison continues to participate in all other Landwin investments as Martin Landis's  
23 partner.  
24  
25  
26  
27  
28

///

1  
2 ///  
4  
5  
6 **COUNT ONE**  
7

8 **(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY SITUATED**  
9 **AGAINST DEFENDANTS LANDWIN GROUP, LLC, SEAN DENNISON,**  
10 **INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL, LLC,**  
11 **MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC., TOM**  
12 **CASALT, INDIVIDUALLY AND THROUGH MUIR, LLC, JACK ANDREWS,**  
13 **INDIVIDUALLY AND THROUGH JACK ANDREWS & ASSOCIATES, LLC,**  
14 **NORM BANGERTE, INDIVIDUALLY AND THROUGH NHB FAMILY**  
15 **PARTNERS, LLC, CHRIS PARNASS, INDIVIDUALLY AND THROUGH CPP**  
16 **PROPERTIES, LLC, MARSHALL REDDICK INDIVIDUALLY AND THROUGH**  
17 **COMMERCIAL REAL ESTATE PROPERTIES, LLC, FOR VIOLATIONS OF**  
18 **SECTIONS 10(B), 14(A), 20(A) OF THE EXCHANGE ACT AND RULE 10B-5**  
19 **PROMULGATED THEREUNDER BASED ON THE SALE OF UNITS OF**  
20 **LANDWIN MANAGEMENT, LLC THROUGH MISREPRESENTATIONS AND**  
21 **OMISSIONS)**

22  
23 114. Plaintiff repeats and realleges each and every allegation contained above  
24 as if fully set forth herein.  
25

26  
27 115. A unit of interest in Landwin Management, LLC is a security subject to  
28 the Exchange Act, including Section 10(b) and Rule 10b-5 promulgated thereunder,  
because the units of interest possess characteristics that are similar to those of investment  
securities.

116. As set forth more fully above, Defendants LANDWIN GROUP, LLC,  
SEAN DENNISON, individually and through SMITHDENNISON CAPITAL, LLC,  
MARTIN LANDIS, individually and through SYLVIA, INC., in concert with TOM

1  
2 CASAULT, individually and through MUIR, LLC, JACK ANDREWS, individually and  
4 through JACK ANDREWS & ASSOCIATES, LLC, NORM BANGERTE, individually  
5 and through NHB Family Partners, LLC, CHRIS PARNASS, individually and through  
6 CPP PROPERTIES, LLC, MARSHALL REDDICK individually and through  
7 COMMERCIAL REAL ESTATE PROPERTIES, LLC, by use of the means and  
8 instrumentalities of interstate commerce and/or of the mails, engaged and participated in  
9 a common scheme and continuing course of conduct under which they made material  
10 misrepresentations of fact and omitted to state material facts that were necessary to make  
11 the statements made, in light of the circumstances in which they were made, not  
12 misleading, in connection with the sale of units of interest in Landwin Management,  
13 LLC.

14  
15  
16  
17 117. The standardized presentations and prospectuses, approved and prepared  
18 by LANDWIN GROUP, LLC, included materially false and misleading representations.

19  
20 118. These statements and omissions by Defendants represented an extreme  
21 departure from the standards of ordinary care and a danger of misleading buyers.  
22 Defendants were under a duty to make full and fair disclosure of the investment.

23  
24 119. Defendants knew, or were grossly reckless in their failure to know, that  
25 their own statements were materially false and misleading and/or omitted to state material  
26 facts that were necessary to make such statements, in light of the circumstances in which  
27 they were made, not misleading.

28 120. Defendants had the power and duty to control or influence their conduct,

1  
2 had knowledge of, and reasonable ground to believe in, the existence of a course of  
4 conduct in which they made misrepresentations to Plaintiff and the Class, and were  
5 culpable participants in any violations of Section 10(b) of the Exchange Act.  
6

7 121. The dissemination of false, misleading and deceptive information by  
8 Defendants deceived and misled Plaintiff and the other members of the Class, and caused  
9 substantial damage to Plaintiffs and the members of the Class.  
10

11 122. In ignorance of the materially false and misleading information and the  
12 failure to disclose material facts, and in reliance on the affirmative recommendation of  
13 the product and the integrity of the statements made by Defendants, Plaintiff and the  
14 members of the Class purchased units of interest in Landwin Management, LLC, from  
15 Defendants. Plaintiff and the other members of the Class did not know, and in the  
16 exercise of due diligence could not have known, of the material misrepresentations and  
17 omissions set forth in this complaint. Had Plaintiff and the other members of the Class  
18 known the truth, they would not have invested in Landwin Management, LLC.  
19  
20  
21  
22  
23

24 123. Each of the Defendants employed devices, schemes or artifices to defraud  
25 and engaged in acts, practices and a course of business that operated as a fraud or deceit  
26 upon Plaintiff and the Class in connection with the purchase and sale of securities.  
27  
28

124. Each of the Defendants knowingly and in reckless disregard of the best

1  
2 interests of Plaintiffs and the Class members engaged in a course of conduct to make  
4 recommendations for the sale of units to Landwin Management, LLC, investors without  
5 any basis to believe that the investment would perform as it was represented to Plaintiff  
6 and the Class members.

7  
8 125. For the reasons set forth above, each of the Defendants recommended  
9 securities for Plaintiff and the Class without regard to whether the investment would  
10 perform as represented.  
11

12 126. Each of the Defendants had a duty of fair dealing owed to Plaintiff and the  
13 Class, which included a duty to recommend the purchase of securities based on a  
14 determination and basis to believe that the product would meet the expectations of the  
15 buyer. Each of these Defendants breached these duties by engaging in a course of  
16 conduct to recommend the purchase of securities to Plaintiff and the Class without any  
17 basis to believe that the investment would perform as represented. Plaintiff and the Class  
18 relied upon each of the Defendants to recommend only suitable securities for investment.  
19 Each of the Defendants knew or was reckless in not knowing that Plaintiff and the Class  
20 so relied, and intended that the Plaintiff and the Class so rely.  
21  
22

23  
24 127. By reason of the Individual Control Person Defendants' control of  
25 Landwin Management, LLC, as well as their own culpable participation, the Individual  
26 Control Person Defendants are controlling persons within the meaning of Section 20(a)  
27 of the Exchange Act, and are jointly and severally liable with, and to the same extent as  
28 the corporate defendants for violations of Section 10(b) of the Exchange Act and Rule



10b-5 promulgated thereunder, as set forth above.

128. By reason of Defendants LANDWIN GROUP, LLC, SEAN DENNISON, individually and through SMITHDENNISON CAPITAL, LLC, MARTIN LANDIS, individually and through SYLVIA, INC., in concert with TOM CASAULT, individually and through MUIR, LLC, JACK ANDREWS, individually and through JACK ANDREWS & ASSOCIATES, LLC, NORM BANGERTER, individually and through NHB Family Partners, LLC, CHRIS PARNASS, individually and through CPP PROPERTIES, LLC, and MARSHALL REDDICK individually and through COMMERCIAL REAL ESTATE PROPERTIES, LLC's control of Landwin Management, LLC, as well as its own culpable participation, these defendants are controlling persons within the meaning of Section 20(a) of the Exchange Act, and is jointly and severally liable with, and to the same extent for violations of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder, as set forth above.

129. The Individual Defendants, as top executive officers and/or directors of the Company, are liable as direct participants in the wrongs complained of herein. Through their positions of control and authority as officers and/or directors of the Company, each of the Individual Defendants was able to and did control the conduct complained of herein.

130. The Individual Defendants acted with scienter in that they either had actual knowledge of the fraud set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose the true facts, even though such facts

1  
2 were available to them. The Individual Defendants were among the senior management  
4 and/or directors of the Company and were therefore directly responsible for the fraud  
5 alleged herein.

6  
7 131. The Company relied upon the Individual Defendants' fraud in granting the  
8 Individual Defendants options to purchase transfer shares of the Company's units, as  
9 alleged herein.

10  
11 132. As a direct and proximate result of the Individual Defendants' fraud, the  
12 Company has sustained millions of dollars in damages, including, but not limited to, the  
13 additional compensation unjustifiably incurred, and the overvaluation of the company's  
14 worth and income. This includes the latest proxy wherein Sean Dennison was paid  
15 \$500,000 to leave the Company and Martin Landis received a 51% interest, thereby  
16 diluting further the value of Plaintiff and other Class member's shares in the Company.  
17

18  
19 133. Rule 14-A-9, promulgated pursuant to §14(a) of the Exchange Act,  
20 provides that no proxy statement shall contain "any statement which, at the time and in  
21 the light of the circumstances under which it is made, is false or misleading with respect  
22 to any material fact, or which omits to state any material fact necessary in order to make  
23 the statements therein not false or misleading." 17 C.F.R. §240.14-A-9.  
24

25  
26 134. The proxy statements described herein violated §14(a) and Rule 14-A-9  
27 because they omitted material facts, including the fact that the Individual Defendants  
28 were causing Landwin Management, LLC, to deplete the assets of the Company, make

1  
2 risky investments without advising the members, suing and recovering for the poor  
4 investment without notifying the members of either fact, which the Individual Defendants  
5 were aware of and participated starting in 2005.

6  
7 135. In the exercise of reasonable care, the Individual Defendants should have  
8 known that the proxy statements were materially false and misleading.

9  
10 136. The misrepresentations and omissions in the proxy statements were  
11 material. The proxy statements were an essential link in the accomplishment of the  
12 continuation of the Individual Defendants' unlawful defrauding scheme, as revelations of  
13 the truth would have immediately thwarted a continuation of the shareholders'  
14 endorsement of the severance package to Sean Dennison and the illegal transfer of shares  
15 to Martin Landis.  
16

17  
18 137. The Company was damaged as a result of the material misrepresentations  
19 and omissions in the Proxy Statements.  
20

21 138. Defendants LANDWIN GROUP, LLC, SEAN DENNISON, individually  
22 and through SMITHDENNISON CAPITAL, LLC, MARTIN LANDIS, individually and  
23 through SYLVIA, INC., in concert with TOM CASAULT, individually and through  
24 MUIR, LLC, JACK ANDREWS, individually and through JACK ANDREWS &  
25 ASSOCIATES, LLC, NORM BANGERTEER, individually and through NHB Family  
26 Partners, LLC, CHRIS PARNASS, individually and through CPP PROPERTIES, LLC,  
27 and MARSHALL REDDICK individually and through COMMERCIAL REAL ESTATE  
28

1  
2 PROPERTIES, LLC, by virtue of their positions with Landwin Management, LLC, and  
4 their specific acts, were, at the time of the wrongs alleged herein, controlling persons of  
5 Landwin Management, LLC, within the meaning of §20(a) of the Exchange Act. They  
6 had the power and influence and exercised the same to cause Landwin Management,  
7 LLC, to engage in the illegal conduct and practices complained of herein.  
8

9 139. As a result of Defendants' actions, Plaintiffs and the Class have been  
10 injured and are entitled to, among other things and at their election, damages and/or  
11 rescission and restitution.  
12

13  
14 **COUNT TWO**

15 (ON BEHALF OF PLAINTIFFS AND ALL OTHERS SIMILARLY SITUATED  
16 AGAINST DEFENDANTS LANDWIN GROUP, LLC, SEAN DENNISON,  
17 INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL, LLC,  
18 MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC., TOM  
19 CASALT, INDIVIDUALLY AND THROUGH MUIR, LLC, JACK ANDREWS,  
20 INDIVIDUALLY AND THROUGH JACK ANDREWS & ASSOCIATES, LLC,  
21 NORM BANGERTE, INDIVIDUALLY AND THROUGH NHB FAMILY  
22 PARTNERS, LLC, CHRIS PARNASS, INDIVIDUALLY AND THROUGH CPP  
23 PROPERTIES, LLC, MARSHALL REDDICK INDIVIDUALLY AND THROUGH  
COMMERCIAL REAL ESTATE PROPERTIES, LLC, FOR VIOLATIONS OF  
THE RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT (18  
U.S.C. 1962)) BASED ON THE SALE OF UNITS OF LANDWIN MANAGEMENT,  
LLC THROUGH MISREPRESENTATIONS AND OMISSIONS)

24  
25 140. Plaintiff repeats and realleges each and every allegation contained above  
26 as if fully set forth herein.

27  
28 141. This count is brought by Plaintiff against defendants Defendants  
LANDWIN GROUP, LLC, SEAN DENNISON, individually and through

1  
2 SMITHDENNISON CAPITAL, LLC, MARTIN LANDIS, individually and through  
4 SYLVIA, INC., in concert with TOM CASAULT, individually and through MUIR, LLC,  
5 JACK ANDREWS, individually and through JACK ANDREWS & ASSOCIATES,  
6 LLC, NORM BANGERTER, individually and through NHB Family Partners, LLC,  
7 CHRIS PARNASS, individually and through CPP PROPERTIES, LLC, and  
8 MARSHALL REDDICK individually and through COMMERCIAL REAL ESTATE  
9 PROPERTIES, LLC, (collectively the “RICO Defendants”) alleging a cause of action  
10 under 18 U.S.C. §1962(d), for conspiring to violate 18 U.S.C. § 1962(c).  
11  
12

13 142. At all relevant times, Plaintiff and RICO Defendants were “persons”  
14 pursuant to § 1961(3).  
15

16 143. Plaintiff is a “person” within the meaning of 18 U.S.C. § 1964(c).  
17

18 144. At all relevant times, Landwin Management, LLC, a limited liability  
19 company, was an “enterprise” pursuant to § 1961(4).  
20

21 145. The following persons, and others presently unknown, have been  
22 members of and constitute an “enterprise” within the meaning of RICO, which plaintiffs  
23 collectively refer to as the “Landwin Enterprise”: 1) LANDWIN GROUP, LLC, 2)  
24 SEAN DENNISON, 3) SMITHDENNISON CAPITAL, LLC, 4) MARTIN LANDIS, 5)  
25 SYLVIA, INC., 6) TOM CASAULT, 7) MUIR, LLC, 8) JACK ANDREWS, 9) JACK  
26 ANDREWS & ASSOCIATES, LLC, 10) NORM BANGERTER, 11) NHB Family  
27 Partners, LLC, 12) CHRIS PARNASS, 13) CPP PROPERTIES, LLC, 14) MARSHALL  
28

REDDICK, 15) COMMERCIAL REAL ESTATE PROPERTIES, LLC.

146. The Landwin Enterprise is an ongoing enterprise, which engages in, and whose activities affect, interstate and international commerce. The Landwin Enterprise continues to operate in California, and there is a continuing threat of criminal activity until the Landwin Enterprise has accomplished its goal of defrauding unsuspecting investors who believe the numerous misrepresentations made as described above. The investors invested \$50,000 for one unit of ownership in Landwin Management, LLC upon false representations that it was a successful commercial real estate management company and that the investors would receive over 400% return in 10 years. The enterprise is comprised of a system where the investor has no decision power in the management of the company and was uninformed of who their money was being used by the managers of the Company. By doing so, the enterprise collectively profits from the sales transaction while the investor is vulnerable because of fraud and deceit.

147. While the defendants participate in the enterprise and are a part of it, the defendants also have an existence separate and distinct from the enterprise.

148. Defendants conduct or participate in the conduct of the Landwin Enterprise's affairs through a pattern of racketeering activity.

149. Defendants' participation in the Landwin Enterprise is necessary for the successful operation of defendants' scheme.

150. The enterprise has an ascertainable structure separate and apart from the



1  
2 pattern of racketeering activity in which the defendants engage. The Landwin Enterprise  
4 operated and operates with two related structures, one of which is headed by Martin  
5 Landis individually and through Sylvia, Inc. (Which owns Landwin Group, Inc. a 51%  
6 owner of Landwin Management, LLC), and the other of which is headed by Sean  
7 Dennison individually and through SmithDennison Capital, LLC (which recently had his  
8 interest in Landwin Management, LLC bought out for \$500,000). They acted in a  
9 conspiracy to defraud in concert with TOM CASAULT, individually and through MUIR,  
10 LLC, JACK ANDREWS, individually and through JACK ANDREWS &  
11 ASSOCIATES, LLC, NORM BANGERTEER, individually and through NHB Family  
12 Partners, LLC, CHRIS PARNASS, individually and through CPP PROPERTIES, LLC,  
13 and MARSHALL REDDICK individually and through COMMERCIAL REAL ESTATE  
14 PROPERTIES, LLC, their partners in the Landwin Enterprise.  
15  
16  
17

18 **Predicate Acts**  
19

20 151. The numerous predicate acts of mail and wire fraud described herein are  
21 part of the fraudulent schemes by defendants designed to defraud unsuspecting investors.  
22

23 152. Section 1961(1) of RICO provides that "racketeering activity" is any act  
24 indictable under any of the provisions of Title 18, United States Code § 1341 (relating to  
25 mail fraud), §1343 (relating to wire fraud), and § 1346 (relating to scheme or artifice to  
26 defraud).  
27

28 153. In carrying out the overt acts and fraudulent schemes described above,

1  
2 the defendants engaged in, among other things, conduct in violation of federal laws,  
4 including 18 U.S.C. §§ 1341, 1343, and 1346, 18 U.S.C. § 1952(a), and 18 U.S.C. §1961  
5 et seq.

6  
7 154. Examples of the predicate acts committed by defendants pursuant to their  
8 scheme to defraud investors include those set forth above in paragraphs 92 through 113.  
9 Upon information and belief, there have been numerous other predicate acts by  
10 defendants that are presently unknown to plaintiffs.  
11

### 12 **Mail And Wire Fraud**

13  
14 155. For the purpose of executing and/or attempting to execute their scheme  
15 to defraud Plaintiff and other class members by means of false pretenses, representations  
16 or promises, the defendants, in violation of 18 U.S.C. § 1341, placed in post offices  
17 and/or in authorized repositories for mail matter and things to be sent or delivered by the  
18 Postal Service, and received matter and things therefrom, including but not limited to  
19 newsletters and agreements, correspondence, faxes, and other materials.  
20  
21

22 156. For the purpose of executing and/or attempting to execute their scheme  
23 to defraud plaintiffs by means of false pretenses, representations or promises, the  
24 defendants, in violation of 18 U.S.C. § 1343, transmitted and received by wire matter and  
25 things therefrom, including but not limited to agreements, correspondence, faxes, and  
26 other materials.  
27  
28

157. In those matters and things sent or delivered by the Postal Service, by

wire, and through other interstate and international electronic media, defendants falsely and fraudulently misrepresented and/or fraudulently concealed material facts from plaintiffs, in violation of 18 U.S.C. §§ 1341 and 1343, including but not limited to those acts set forth above in Paragraphs 92 through 113.

158. As a result, plaintiffs have been injured in their business or property by the defendants' overt acts and racketeering activities.

#### **Pattern of Racketeering Activity**

159. As set forth herein, the defendants have engaged in a "pattern of racketeering activity," as defined in 18 U.S.C. § 1961(5), by committing and/or conspiring to commit at least two such acts of racketeering activity, as described herein, within the past ten years. Defendants have committed multiple acts of racketeering activity within such period. Each such act of racketeering activity was related, had similar purposes, involved the same or similar participants and methods of commission, and had similar results impacting upon similar victims, including plaintiffs.

160. The multiple acts of racketeering activity committed and/or conspired to commit by defendants, as described above, were related to each other and amount to and pose a threat of continued racketeering activity, and, therefore, constitute a "pattern of racketeering activity," as defined in 18 U.S.C. § 1961(5).

#### **RICO -- 18 U.S.C. 1962(c)**

161. Section 1962(c) of RICO provides that "[i]t shall be unlawful for any

1  
2 person employed by or associated with any enterprise engaged in, or the activities of  
4 which affect, interstate or foreign commerce, to conduct or participate, directly or  
5 indirectly, in the conduct of such enterprise's affairs through a pattern of racketeering  
6 activity or collection of unlawful debt."  
7

8 162. Through the patterns of racketeering activities outlined above, the  
9 defendants have conducted and participated in the affairs of the Landwin Enterprise.  
10

11 163. As a direct and proximate result of defendants' illegal conduct in  
12 violation of 18 U.S.C. § 1962(c), Plaintiff and other Class members have been injured in  
13 their business or property, including, but not limited, by: (a) the loss of value of Plaintiff  
14 and other Class members' ownership interests in the cash depleted Company; and (b) the  
15 lost profits Plaintiff and other Class members would have achieved but for defendants'  
16 unlawful conduct.  
17  
18

19 164. With respect to their violations of 18 U.S.C. § 1962(c), defendants have  
20 acted at all times with malice toward Plaintiff and other Class members, and with the  
21 specific intent to commit the predicate acts alleged herein and to participate in the  
22 Landwin Enterprise.  
23

24  
25 **RICO -- 18 U.S.C. 1962(d)**

26 165. This claim seeks relief for the defendants' activities described herein for  
27 violations of 18 U.S.C. § 1962(d), for conspiring to violate 18 U.S.C. § 1962(c).  
28

166. Section 1962(d) of RICO provides that "[i]t shall be unlawful for any

1  
2 person to conspire to violate any of the provisions of subsection (a), (b) or (c) of this  
4 section.”

5  
6 167. Absent defendants’ conspiracy and joint efforts, defendants’ fraudulent  
7 enterprise would not be successful.

8  
9 168. Defendants have violated § 1962(d) by conspiring to violate 18 U.S.C. §  
10 1962(c). The object of this conspiracy has been and is to defraud unsuspecting investors  
11 in the purchase of units in Landwin Management, LLC, and to conduct and/or  
12 participate in, directly or indirectly, the conduct of the affairs of the § 1962(c) enterprise  
13 described above through a pattern of racketeering activity.

14  
15 169. Defendants and their agents have been joined in their conspiracies to  
16 violate 18 U.S.C. § 1962(c) by various third parties not named as defendants herein.

17  
18 170. Defendants agreed to the objective of an 18 U.S.C. § 1962(d) violation of  
19 RICO by conspiring to violate 18 U.S.C. § 1962(c), and agreed to commit overt acts and  
20 predicate acts, as alleged in this Complaint, to effectuate that conspiracy. Defendants  
21 were aware that their acts were part of an overall pattern of racketeering activity.

22  
23 171. As a direct and proximate result of the defendants’ overt acts and  
24 predicate acts in furtherance of violating 18 U.S.C. § 1962(d) by conspiring to violate 18  
25 U.S.C. § 1962(c), plaintiffs have been and are continuing to be injured in their business  
26 or property as described above in Paragraph 56.

27  
28 172. As a result of the above-described racketeering activity, Plaintiff and the

1  
2 other Class members have been collectively damaged in their business and/or  
3  
4 property in an amount of no less than \$50,000.  
5

6 173. Pursuant to § 1964(c), Plaintiff and the other Class members are entitled to  
7 recover threefold their damages plus costs and attorneys' fees from the RICO defendants.  
8

9 **COUNT THREE**

10 **(UNTRUE OR MISLEADING ADVERTISING (BUS. & PROF. CODE SECTION 17500)**  
11 **(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY SITUATED**  
12 **AGAINST ALL DEFENDANTS)**

13 174. Plaintiff repeats and realleges each and every allegation contained above as if  
14 fully set forth herein.  
15

16 175. Through its advertising practices and promotional materials, including the  
17 various uniformly deceptive promotions, solicitations, and advertisements created, approved and  
18 distributed by it, Defendants disseminated untrue and misleading statements and omitted  
19 material facts in violation of California Business and Professions Code §§§§17500, *et seq.*  
20

21 176. The advertising and other conduct described herein concerning the Landwin  
22 Management, LLC investment was "likely to deceive." This false advertising is ongoing and  
23 continues to this date.  
24

25 177. Defendants know or should know that these representations concerning the  
26 Landwin Management, LLC investment are false and misleading.  
27

28 178. The representations concerning Landwin Management, LLC investment were



made, or caused to be made, before the general public in this state.

179. Such conduct is ongoing and continues to this date.

180. Plaintiff and the other Class members are therefore entitled to the relief available under Business and Professions Code §§§17500, *et seq.*, as detailed below in the prayer for relief.

#### **CLAIM FOUR**

**(COMMISSION OF UNLAWFUL, UNFAIR, AND FRAUDULENT BUSINESS ACTS AND PRACTICES (BUS. & PROF. CODE SECTION 17200) (ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY SITUATED AGAINST ALL DEFENDANTS)**

181. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

182. California Business and Professions Code §§17200, *et seq.* prohibits acts of unfair competition, which mean, and include, any "fraudulent business act or practice." Conduct which is "likely to deceive" is "fraudulent" within the meaning of Section 17200.

183. As more fully described above, defendants' acts and practices are likely to deceive, constituting a fraudulent business act or practice.

184. Such conduct is ongoing and continues to this date.

185. Plaintiff and the other Class members are therefore entitled to the relief available under Business and Professions Code §§17200, *et seq.*, as detailed below.

#### **CLAIM FIVE**

**(NEGLIGENT REFERRAL)**

**(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY  
SITUATED AGAINST DEFENDANTS MARSHALL REDDICK, MARSHALL  
REDDICK REALTY, INC., MARSHALL REDDICK SEMINARS, INC.)**

186. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

187. Defendants MARSHALL REDDICK, MARSHALL REDDICK REALTY, INC., MARSHALL REDDICK SEMINARS, INC. owed Plaintiff and other Class members a duty of reasonable care in referring them to Landwin Group, LLC and making the recommendation that they purchase one or more units in Landwin Management, LLC.

188. Defendants MARSHALL REDDICK, MARSHALL REDDICK REALTY, INC., MARSHALL REDDICK SEMINARS, INC., breached this duty of care by negligently and unreasonably making various false statements to plaintiff, including but not limited to that Landwin Management, LLC was a good investment and that the promoters of the investment, ie., Landwin Group, LLC, was reputable and successful.

188. As a direct result of defendants' breach of this duty, Plaintiff and the other Class members sustained damages in an amount of not less than \$13,800,000.

**CLAIM SIX**

**(NEGLIGENT MISREPRESENTATION)**

**(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY  
SITUATED AGAINST DEFENDANTS LANDWIN GROUP, LLC, SEAN  
DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL,  
LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC.)**

189. Plaintiff repeats and realleges each and every allegation contained above

1  
2 as if fully set forth herein.

4 190. Plaintiffs alleges that the Defendants LANDWIN GROUP, LLC, SEAN  
5 DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL,  
6 LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC., and  
7 each of them, set forth negligent misrepresentations in a business of professional capacity  
8 which they knew Plaintiff and other Class members would rely upon.  
9

11 191. Plaintiff reasonably relied upon the Defendants LANDWIN GROUP,  
12 LLC, SEAN DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON  
13 CAPITAL, LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA,  
14 INC., and each of their negligent misrepresentations.  
15

16 192. Plaintiff further alleges that, due to their reliance on the negligent  
17 misrepresentations of Defendants, Plaintiff and other Class members purchased units in  
18 Landwin Management, LLC..  
19

21 193. As a direct, foreseeable, and proximate result of Defendants' negligent  
22 misrepresentations Plaintiff and other Class members have suffered and continue to  
23 suffer substantial losses in the amount in excess of \$50,000 per unit.  
24

25 **CLAIM SEVEN**

26 **(INTENTIONAL MISREPRESENTATION)**

27 **(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY**  
28 **SITUATED AGAINST DEFENDANTS LANDWIN GROUP, LLC, SEAN**  
**DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL,**  
**LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC.)**

1  
2  
3  
4 194. Plaintiff repeats and realleges each and every allegation contained above as if  
5 fully set forth herein.

6 195. Plaintiffs alleges that the Defendants LANDWIN GROUP, LLC, SEAN  
7 DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL,  
8 LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC., and  
9 each of them, set forth intentional misrepresentations in a business of professional  
10 capacity which they knew Plaintiff and other Class members would rely upon.  
11

12 196. Plaintiff reasonably relied upon the Defendants LANDWIN GROUP,  
13 LLC, SEAN DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON  
14 CAPITAL, LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA,  
15 INC., and each of their intentional misrepresentations.  
16  
17

18 197. Plaintiff further alleges that, due to their reliance on the intentional  
19 misrepresentations of Defendants, Plaintiff and other Class members purchased units in Landwin  
20 Management, LLC.  
21

22 198. As a direct, foreseeable, and proximate result of Defendants' intentional  
23 misrepresentations Plaintiff and other Class members have suffered and continue to suffer  
24 substantial losses in excess of \$50,000 per unit.  
25

26 199. Defendants, and each of them, committed the acts described in the complaint  
27 oppressively, fraudulently, and maliciously, entitling Plaintiffs to an award of punitive damages  
28 against Defendants in an amount appropriate to punish and make an example of Defendants, and  
each of them.

**CLAIM EIGHT**

**(DECEIT/CONCEALMENT)**

**(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY  
SITUATED AGAINST DEFENDANTS LANDWIN GROUP, LLC, SEAN  
DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL,  
LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC.)**

200. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

201. The representations which defendants made to Plaintiff and other Class members regarding the terms, value, appropriateness, and suitability of their services and products and their intent to perform their promises were false, misleading, and misrepresented both the law, the facts, and/or defendants' intent.

202. Defendants asserted these representations as facts although they had no reasonable grounds for believing them to be true.

203. Defendants willfully deceived plaintiffs with the intent to induce them to alter their positions to their injury and harm.

204. Defendants deliberately concealed the true facts regarding the worth of Landwin Management, LLC, from Plaintiff and other Class members, and either deliberately concealed the true facts known to them or failed to make any reasonable investigation to determine the true facts from which representations were made as to the value of the Company to determine whether they were true or false, and without having any sufficient basis on which to make any representations, knowingly made false

1  
2 representations, concealing the value of the Company as set forth in this complaint.

4       205. Defendants, and each of them, concealed the facts when they each knew  
5 the true and correct facts regarding value of the Company.  
6

7       206. The concealment of the true facts from Plaintiff and other Class members  
8 was done with the intent to induce Plaintiff and other Class members to enter into the  
9 agreement.  
10

11       207. Plaintiff and other Class members' reliance on statements made by  
12 Defendants and each of them, was justified in that Defendants made representations that  
13 the business provided a 30% every year for over 20 years and that no investor has ever  
14 lost money.  
15

16       208. As a proximate result of the fraud and deceit alleged, Plaintiff and other  
17 Class members were induced to purchase units in Landwin Management, LLC. Plaintiff  
18 and other Class members have been damaged in excess of \$50,000 per unit.  
19  
20

21       209. Plaintiff and other Class members' damages include out-of-pocket costs and  
22 expenses.  
23

24       210. Defendants' conduct constituted oppression, fraud, and malice, and Plaintiff  
25 and other Class members are entitled to recover damages for the sake of example and by  
26 way of punishing defendants pursuant to Civil Code § 3294.  
27

28                   **CLAIM NINE**

**(BREACH OF FIDUCIARY DUTY)**



1  
2 **(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY**  
3 **SITUATED AGAINST DEFENDANTS LANDWIN GROUP, LLC, SEAN**  
4 **DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL,**  
5 **LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC.)**

6 211. Plaintiff repeats and realleges each and every allegation contained above as  
7 if fully set forth herein.

8 212. Plaintiff and other Class members, looked to Defendants for prudent and  
9 reasonable advice as to the investment in Landwin Management, LLC, and thereby depended  
10 upon Defendants to provide them with appropriate and correct advice. Defendants were  
11 aware that Plaintiff and other Class members were depending upon them for advice and  
12 defendants accepted that responsibility. Accordingly, a fiduciary relationship existed between  
13 Plaintiff, the other Class members, and Defendants.  
14

15 213. Defendants breached their fiduciary duties by negligently and unreasonably  
16 making various false statements to Plaintiff and other Class members, including but not  
17 limited to: that the business provided a 30% every year for over 20 years and that no investor  
18 has ever lost money.  
19

20 214. As a direct result of defendants' breach of their fiduciary duties of the utmost  
21 good faith and fidelity, Plaintiff and other Class members sustained damages in an amount  
22 of not less than \$50,000 per unit.  
23

24 215. Defendants' wrongful conduct constituted oppression, fraud, and malice and  
25 plaintiff is entitled to recover damages for the sake of example and by way of punishing  
26 defendants pursuant to Civil Code § 3294.  
27

28 216. Plaintiff is entitled to recover treble damages pursuant to Civil Code § 3345.

**CLAIM TEN**

**(UNJUST ENRICHMENT/RESTITUTION/ACCOUNTING)**

**(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY  
SITUATED AGAINST DEFENDANTS LANDWIN GROUP, LLC, SEAN  
DENNISON, INDIVIDUALLY AND THROUGH SMITHDENNISON CAPITAL,  
LLC, MARTIN LANDIS, INDIVIDUALLY AND THROUGH SYLVIA, INC.)**

217. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

218. Defendants unjustly received benefits at the expense of Plaintiff and the other Class members through their wrongful conduct, including Defendants' high level of compensation despite their lack of diligence in developing Landwin Management, LLC's business relationships and other unfair business practices. Defendants continue to unjustly retain these benefits at the expense of Plaintiff and the other Class members. It would be unjust for Defendants to retain any value they obtained as a result of their wrongful conduct.

219. Plaintiff and other Class members are accordingly entitled to full restitution of all amounts in which Defendants have been unjustly enriched at their expense.

220. Defendants have received money as a result of their misconduct, at Plaintiff and other Class members' expense, and that some or all of such money is rightfully due to them.

221. The amount of money due from Defendants to Plaintiff and the other Class members is unknown to them and cannot be ascertained without an accounting of the income and gross profits Defendants have obtained through their wrongful and unlawful conduct. Plaintiff and the other Class members are entitled, therefore, to a full accounting.

**CLAIM ELEVEN**

( NEGLIGENT INTERFERENCE WITH PROSPECTIVE ADVANTAGE)

(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY SITUATED  
AGAINST DEFENDANTS MARSHALL REDDICK, MARSHALL REDDICK  
COMMERCIAL REAL ESTATE NETWORKS, INC., MARSHALL REDDICK SEMINARS,  
INC.)

222. Plaintiff repeats and realleges each and every allegation contained above as if fully  
set forth herein.

223. Landwin Management, LLC, has and had an expectancy in continuing and  
advantageous economic relationships with current and prospective members of the Marshall  
Reddick Real Estate Network.

224. On March 17, 2006, Defendant MARSHALL REDDICK entered into  
a contract with Defendant LANDWIN GROUP, LLC, for the purpose of giving  
Landwin Group the exclusive referral of all prospective investors for commercial real  
estate investment opportunities to Landwin.Group. Defendant MARSHALL REDDICK is  
a partner of Defendant LANDWIN GROUP, INC, and received a portion of the \$690,000  
finder's fee.

225. According to the lawsuit filed by Landwin against Reddick, Los Angeles  
Superior Court Case number BC378287, paragraph 12, it is alleged that "Defendant  
Marshall Reddick Commercial Real Estate Network, Inc., is an entity formed by Marshall  
Reddick on September 20, 2007, which Plaintiffs believe was created to divert funds and  
avoid the consequences of the suit herein."

226. The lawsuit at paragraph 25 states that the Reddick Defendants "were

1  
2 secretly themselves using the network member's data, as well as making the network and  
4 data available to third parties for solicitation of multiple commercial real estate  
5 investments. The Defendants knew they had acted in contradiction to their representation.  
6 After discovery of the misrepresentation by the Plaintiffs in January 2007, these  
7 Defendants were confronted by the true facts of their action. The Defendants  
8 acknowledged their breach and misrepresentation. But they then misrepresented that such  
9 conduct had ceased. Even while the Plaintiffs worked in good faith to provide the  
10 Defendants every reasonable opportunity to desist, and preserve the business relationship  
11 for the benefit of the network members, the Defendant continued to breach in multiple  
12 occasions during February and March, 2007. It is now believed that they never intended to  
13 follow through on any of the representations they had made. Finally on April 5, 2007, the  
14 Landwin Group gave written notice of breach and demanded that Marshall Reddick cease  
15 and desist.”

19       227. According to the complaint, in paragraph 33 it states that Landwin  
20 Management, LLC has “lost significant, multi-million dollar income from fees and profit-  
21 sharing rights to which they are entitled from Landwin REIT, as that public REIT’s ‘asset  
22 manager’ . . .” and “has suffered additional loss of fee and profit-sharing income due to  
23 the inability of Landwin Partner’s Find II, LLC, to raise capital from network members as  
24 a result of the Defendant’s ongoing misconduct.”

27       228. These relationships contained the probability of future economic benefit in the  
28 form of promoting a the sale of a REIT where the proceeds would be used to purchase properties  
which Landwin Management, LLC, would have managed and earned fees from it. Had

1  
2 Defendants refrained from engaging in the unlawful and wrongful conduct described in this  
4 complaint, there is a substantial probability that Plaintiff and the other Class members would  
5 have received an increase in the value of their investments

6 229. Defendants knew or should have known about the economic relationship,  
7 described above, and knew or should have known that these relationships would be interfered  
8 with and disrupted if Defendants failed to act with reasonable care in their promotion of the  
9 REIT. Defendants failed to act with reasonable care. Instead, they started a competing  
10 commercial real estate division which interfered with Landwin Management, LLC's business  
11 plan.  
12

13 230. Defendants' conduct was wrongful by a measure beyond the fact of the  
14 interference itself. Defendants gained financially at the expense of Plaintiff and other Class  
15 members by breaching its agreement with Landwin, Group, LLC.  
16

17 231. This conduct, as alleged above, constitutes violations of numerous state and federal  
18 statutes and codes.

19 232. Defendants' conduct also constitutes breach of contract, and unjust enrichment.

20 233. As a result of Defendants' acts, the above-described relationships have been  
21 actually disrupted, causing certain harm to Plaintiff and the other Class members.  
22

23 234. As a direct and proximate result of Defendants' actions, Plaintiff and the other  
24 Class members suffered economic harm, including, but not limited to, loss of profits from the  
25 future management fees created by the REIT. Defendants' wrongful conduct was a substantial  
26 factor in causing this harm.

27 **CLAIM TWELVE**

28 **( INTENTIONAL INTERFERENCE WITH PROSPECTIVE ADVANTAGE)**

1  
2  
3 **(ON BEHALF OF PLAINTIFF AND ALL OTHERS SIMILARLY SITUATED**  
4 **AGAINST DEFENDANTS MARSHALL REDDICK, MARSHALL REDDICK**  
5 **COMMERCIAL REAL ESTATE NETWORKS, INC., MARSHALL REDDICK**  
6 **SEMINARS, INC.)**

7 235. Plaintiff repeats and realleges each and every allegation contained above as if fully  
8 set forth herein.

9 236. Landwin Management, LLC has and had an expectancy in continuing and  
10 advantageous economic relationships with current and prospective investors of the Marshall  
11 Reddick Real Estate Network.

12 237. These relationships contained the probability of future economic benefit in the  
13 form of profitable management contracts for the REIT. Had Defendants refrained from engaging  
14 in the unlawful and wrongful conduct described in this complaint, there is a substantial  
15 probability that Landwin Management, LLC, would have been profitable.

16 238. Defendants were aware of these economic relationships and intended to interfere  
17 with and disrupt them by wrongfully starting a competing commercial real estate program in  
18 contravention of its contractual agreement with Landwin Group, LLC.

19 239. Defendants' conduct was wrongful by a measure beyond the fact of the  
20 interference itself. Defendants owed Plaintiff and other Class members a fiduciary duty not to  
21 interfere with an investment Defendants had promoted and approved of.

22 240. This conduct, as alleged above, constitutes violations of numerous state and federal  
23 statutes and codes. Defendants' conduct also constitutes trespass to chattels, breach of contract,  
24 and unjust enrichment.

25 241. As a result of Defendants' acts, the above-described relationships have been actually  
26 disrupted, causing certain harm to Plaintiff and the other Class members.  
27  
28

1  
2 242. As a direct and proximate result of Defendants' actions, Plaintiff and the other  
3  
4 Class members have suffered economic harm, including, but not limited to, loss of profits from  
5 management fees of the REIT. Defendants' wrongful conduct was a substantial factor in causing  
6 this harm.

7 243. Defendants' interference with Plaintiff and the other Class members'  
8  
9 prospective economic advantage with the REIT, as described above, was willful,  
10 malicious, oppressive, and in conscious disregard of Plaintiff and the other Class  
11 members' rights, and Plaintiff and the other Class members are therefore entitled to an  
12 award of punitive damages to punish their wrongful conduct and deter future wrongful  
13 conduct.  
14

15 WHEREFORE, Plaintiffs pray for relief and judgment as follows:  
16  
17  
18

19 **VIOLATION OF SECURITIES ACT OF 1933 AND THE**  
20 **SECURITIES EXCHANGE ACT OF 1934 (§§10(B),14(A),20(A))**

21 A. Determining that this action is a proper class action under Rule 23 of the  
22 Federal Rules of Civil Procedure, and appoint Plaintiff as Class Representative  
23 and Law Offices of Andrew M. Wyatt as Class Counsel;  
24

25 B. Awarding compensatory damages in favor of Plaintiff and Class members  
26 against all Defendants, jointly and severally, for all damages sustained as a result  
27 of Defendants' wrongdoing in an amount to be proven at trial, including pre-  
28 judgment interest thereon and rescission of Plaintiff's and Class members'



1  
2 contracts with Defendants, and awarding restitution of any monies paid to  
4 Defendants.

5 C. Against all of the Individual Defendants and in favor of the Plaintiff and Class  
6 members for the amount of damages sustained by the Company as a result of the  
7 Individual Defendants' breaches of fiduciary duties and statutory violations;  
8

9 D. Imposing a constructive trust for the benefit of the Plaintiff and Class members  
10 on all profits resulting from Defendants' wrongful conduct;

11 E. Awarding to plaintiffs the costs and disbursements of the action, including  
12 reasonable attorneys' fees, accountants' and experts' fees, costs, and expenses;  
13

14 F. Granting such other and further relief as the Court deems just and  
15 proper.  
16

17  
18 **VIOLATION OF RACKETEER INFLUENCED AND CORRUPT**  
19 **ORGANIZATIONS ACT (18 U.S.C. 1962)**  
20

21 H. Awarding treble damages, attorneys' fees and costs, an award of interest,  
22 including prejudgment interest on all amounts claimed as allowed by law; and, for  
23 any other and further relief as the Court may deem just and proper, all provided by  
24 statute as a result of defendants' violations of 18 U.S.C. § 1962 in favor of Plaintiff  
25 and Class members against named defendants for the damages sustained in violation  
26 of RICO.  
27

28 **UNTRUE OR MISLEADING ADVERTISING (BUS. & PROF. CODE**  
**SECTION 17500)**

1  
2 I. An order requiring disgorgement of, imposing a constructive trust upon, or  
4 impounding the ill-gotten monies and profits of Defendants or freezing  
5 Defendants' assets; and/or requiring Defendants to pay restitution to Plaintiffs and  
6 all Class members, including return of fees, and restitution of the investment  
7 earnings that Plaintiff and Class members would have received on those amounts if  
8 they had not been improperly induced to invest in Landwin Management, LLC,  
9 and/or restoring all funds acquired by means of any act or practice declared by this  
10 Court to be an unlawful, fraudulent, or unfair business act or practice in violation of  
11 California Business & Professions Code § 17500 *et seq.*  
12  
13

14 **COMMISSION OF UNLAWFUL, UNFAIR, AND FRAUDULENT**  
15 **BUSINESS ACTS AND PRACTICES (BUS. & PROF. CODE**  
16 **SECTION 17200)**  
17

18 J. An order requiring disgorgement of, imposing a constructive trust upon, or  
19 impounding the ill-gotten monies and profits of Defendants or freezing  
20 Defendants' assets; and/or requiring Defendants to pay restitution to Plaintiffs and  
21 all Class members, including return of fees, and restitution of the investment  
22 earnings that Plaintiff and Class members would have received on those amounts if  
23 they had not been improperly induced to invest in Landwin Management, LLC,  
24 and/or restoring all funds acquired by means of any act or practice declared by this  
25 Court to be an unlawful, fraudulent, or unfair business act or practice in violation of  
26 California Business & Professions Code § 17200 *et seq.*  
27  
28

**NEGLIGENT REFERRAL**

1  
2 K. Compensatory damages according to proof;

4 **NEGLIGENT MISREPRESENTATION**

5 L. Compensatory damages according to proof;

6 **INTENTIONAL MISREPRESENTATION**

7  
8 M. Compensatory damages according to proof;

9 N. Punitive damages according to proof;

10 **DECEIT/CONCEALMENT**

11 O. Compensatory damages according to proof;

12  
13 P. Punitive damages according to proof;

14 **BREACH OF FIDUCIARY DUTY**

15 Q. Compensatory damages according to proof;

16  
17 R. Punitive damages according to proof;

18 **UNJUST ENRICHMENT/RESTITUTION/ACCOUNTING**

19 S. Full restitution of all amounts in which Defendants have been unjustly enriched  
20 at Plaintiff and Class members' expense;

21  
22 T. For an accounting;

23 **NEGLIGENT INTERFERENCE WITH PROSPECTIVE ADVANTAGE**

24 U. Compensatory damages according to proof;

25 **INTENTIONAL INTERFERENCE WITH PROSPECTIVE ADVANTAGE**

26  
27 V. Compensatory damages according to proof;

28 W. Punitive damages according to proof;

**FOR ALL CLAIMS**

X. Interest pursuant to CC §§ 3287 and 3288;

Y. Costs pursuant to CCP § 1032; and

Z. Such other relief as the Court may deem just and proper.

**JURY DEMAND**

Pursuant to Fed. R. Civ. P. 38, Plaintiff demand a trial by jury for all legal claims  
alleged herein.

DATED: February 22, 2010

**LAW OFFICES OF ANDREW M. WYATT**

By   
ANDREW M. WYATT  
Attorney for Plaintiff  
MICHAEL KRONK

## Name &amp; Address:

Andrew M. Wyatt, SBN # 158759  
 Law Offices of Andrew M. Wyatt  
 20750 Ventura Boulevard, Suite 440  
 Woodland Hills, CA 91364  
 (818) 710-3813

UNITED STATES DISTRICT COURT  
 CENTRAL DISTRICT OF CALIFORNIA

MICHAEL KRONK, on behalf of himself  
 and all others similarly situated

PLAINTIFF(S)

v.

LANDWIN GROUP, LLC, SYLVIA, INC.,  
 SMITHDENNISON CAPITAL, LLC, JACK R.  
 ANDREW AND ASSOCIATES, LLC,

DEFENDANT(S).

See attached

CASE NUMBER

SACV10-00242

CJC MLGx

SUMMONS

TO: DEFENDANT(S): LANDWIN GROUP, LLC, SYLVIA, INC., SMITHDENNISON CAPITAL, LLC,  
 JACK R. ANDREW AND ASSOCIATES, LLC, NHB FAMILY PARTNERS, LLC, cont'd next page

A lawsuit has been filed against you.

Within <sup>21</sup>~~30~~ days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached ☒ complaint ☐ amended complaint ☐ counterclaim ☐ cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Law Offices of Andrew M. Wyatt, whose address is 20750 Ventura Boulevard, Suite 200, Woodland Hills, California 91364. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

MAR - 1 2010

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Deputy Clerk

(Seal of the Court)

CHRISTOPHER POWERS  
 SEAL

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

CAPTION CONTINUED FROM PREVIOUS PAGE

NHB FAMILY PARTNERS, LLC, CPP PROPERTIES, LLC, MUIR, LLC, MARSHALL REDDICK REALTY, INC., MARSHALL REDDICK SEMINARS, INC., COMMERCIAL REAL ESTATE PROPERTIES, LLC, MARSHALL REDDICK COMMERCIAL REAL ESTATE NETWORKS, INC., SEAN DENNISON, MARTIN LANDIS, JACK ANDREWS, NORMAN BANGERTER, TOM CASAULT, CHRIS PARNASS, MARSHALL REDDICK, and DOES 1 through 100, Inclusive

TO DEFENDANTS:

CPP PROPERTIES, LLC, MUIR, LLC, MARSHALL REDDICK REALTY, INC., MARSHALL REDDICK SEMINARS, INC., COMMERCIAL REAL ESTATE PROPERTIES, LLC, MARSHALL REDDICK COMMERCIAL REAL ESTATE NETWORKS, INC., SEAN DENNISON, MARTIN LANDIS, JACK ANDREWS, NORMAN BANGERTER, TOM CASAULT, CHRIS PARNASS, MARSHALL REDDICK, and DOES 1 through 100, Inclusive

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA**  
**CIVIL COVER SHEET**

**I (a) PLAINTIFFS** (Check box if you are representing yourself ☐)  
**MICHAEL KRONK**

**DEFENDANTS**

LANDWIN GROUP, LLC, SYLVIA, INC., SMITHDENNISON CAPITAL, LLC, JACK R. ANDREW AND ASSOCIATES, LLC, NHB FAMILY PARTNERS, LLC, CPP PROPERTIES, LLC, MUIR, LLC, et al.

**(b) Attorneys** (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.)

Law Offices of Andrew M. Wyatt  
 20750 Ventura Boulevard, Suite 440  
 Woodland Hills, CA 91364

(818) 710-3813

Attorneys (If Known)

**II. BASIS OF JURISDICTION** (Place an X in one box only.)

- ☐ 1 U.S. Government Plaintiff ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

**III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only**  
 (Place an X in one box for plaintiff and one for defendant.)

- |   |   |   |  |
|---|---|---|--|
| Citizen of This State                   | PTF <input checked="" type="checkbox"/> 1 DEF <input checked="" type="checkbox"/> 1 | Incorporated or Principal Place of Business in this State     | PTF <input type="checkbox"/> 4 DEF <input checked="" type="checkbox"/> 4 |
| Citizen of Another State                | <input type="checkbox"/> 2 <input checked="" type="checkbox"/> 2                    | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 <input checked="" type="checkbox"/> 5         |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 <input type="checkbox"/> 3                               | Foreign Nation  | <input type="checkbox"/> 6 <input type="checkbox"/> 6                    |

**IV. ORIGIN** (Place an X in one box only.)

- ☒ 1 Original Proceeding ☐ 2 Removed from State Court ☐ 3 Remanded from Appellate Court ☐ 4 Reinstated or Reopened ☐ 5 Transferred from another district (specify): ☐ 6 Multi-District Litigation ☐ 7 Appeal to District Judge from Magistrate Judge

**V. REQUESTED IN COMPLAINT: JURY DEMAND:** ☒ Yes ☐ No (Check 'Yes' only if demanded in complaint.)

**CLASS ACTION under F.R.C.P. 23:** ☒ Yes ☐ No

☒ **MONEY DEMANDED IN COMPLAINT:** \$ 13,800,000+

**VI. CAUSE OF ACTION** (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)  
 VIOLATION OF SECURITIES ACT OF 1933 AND THE SECURITIES EXCHANGE ACT OF 1934 (§§10(B), 14(A), 20(A)); RICO (18 U.S.C. 1962)

**VII. NATURE OF SUIT** (Place an X in one box only.)

OTHER STATUTES	CONTRACT	TORTS	TORTS	PRISONER PETITIONS	LABOR
<input type="checkbox"/> 400 State Reapportionment	<input type="checkbox"/> 110 Insurance	<b>PERSONAL INJURY</b>	<b>PERSONAL PROPERTY</b>	<input type="checkbox"/> 510 Motions to Vacate Sentence	<input type="checkbox"/> 710 Fair Labor Standards Act
<input type="checkbox"/> 410 Antitrust	<input type="checkbox"/> 120 Marine	<input type="checkbox"/> 310 Airplane	<input type="checkbox"/> 370 Other Fraud	<input type="checkbox"/> 530 General Habeas Corpus	<input type="checkbox"/> 720 Labor/Mgmt. Relations
<input type="checkbox"/> 430 Banks and Banking	<input type="checkbox"/> 130 Miller Act	<input type="checkbox"/> 315 Airplane Product Liability	<input type="checkbox"/> 371 Truth in Lending	<input type="checkbox"/> 535 Death Penalty	<input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act
<input type="checkbox"/> 450 Commerce/ICC Rates/etc.	<input type="checkbox"/> 140 Negotiable Instrument	<input type="checkbox"/> 320 Assault, Libel & Slander	<input type="checkbox"/> 380 Other Personal Property Damage	<input type="checkbox"/> 540 Mandamus/Other	<input type="checkbox"/> 740 Railway Labor Act
<input type="checkbox"/> 460 Deportation	<input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment	<input type="checkbox"/> 330 Fed. Employers' Liability	<input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 550 Civil Rights	<input type="checkbox"/> 790 Other Labor Litigation
<input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations	<input type="checkbox"/> 151 Medicare Act	<input type="checkbox"/> 340 Marine	<b>BANKRUPTCY</b>	<input type="checkbox"/> 555 Prison Condition	<input type="checkbox"/> 791 Empl. Ret. Inc. Security Act
<input type="checkbox"/> 480 Consumer Credit	<input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans)	<input type="checkbox"/> 345 Marine Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158	<b>FORFEITURE / PENALTY</b>	<b>PROPERTY RIGHTS</b>
<input type="checkbox"/> 490 Cable/Sat TV	<input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits	<input type="checkbox"/> 350 Motor Vehicle	<input type="checkbox"/> 423 Withdrawal 28 USC 157	<input type="checkbox"/> 610 Agriculture	<input type="checkbox"/> 820 Copyrights
<input type="checkbox"/> 810 Selective Service	<input checked="" type="checkbox"/> 160 Stockholders' Suits	<input type="checkbox"/> 355 Motor Vehicle Product Liability	<b>CIVIL RIGHTS</b>	<input type="checkbox"/> 620 Other Food & Drug	<input type="checkbox"/> 830 Patent
<input type="checkbox"/> 850 Securities/Commodities/Exchange	<input type="checkbox"/> 190 Other Contract	<input type="checkbox"/> 360 Other Personal Injury	<input type="checkbox"/> 441 Voting	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881	<input type="checkbox"/> 840 Trademark
<input type="checkbox"/> 875 Customer Challenge 12 USC 3410	<input type="checkbox"/> 195 Contract Product Liability	<input type="checkbox"/> 362 Personal Injury-Med Malpractice	<input type="checkbox"/> 443 Housing/Accommodations	<input type="checkbox"/> 630 Liquor Laws	<b>SOCIAL SECURITY</b>
<input type="checkbox"/> 890 Other Statutory Actions	<input type="checkbox"/> 196 Franchise	<input type="checkbox"/> 365 Personal Injury-Product Liability	<input type="checkbox"/> 444 Welfare	<input type="checkbox"/> 640 R.R. & Truck	<input type="checkbox"/> 861 HIA (1395ff)
<input type="checkbox"/> 891 Agricultural Act	<b>REAL PROPERTY</b>	<input type="checkbox"/> 368 Asbestos Personal Injury Product Liability	<input type="checkbox"/> 445 American with Disabilities - Employment	<input type="checkbox"/> 650 Airline Regs	<input type="checkbox"/> 862 Black Lung (923)
<input type="checkbox"/> 892 Economic Stabilization Act	<input type="checkbox"/> 210 Land Condemnation	<b>IMMIGRATION</b>	<input type="checkbox"/> 446 American with Disabilities - Other	<input type="checkbox"/> 660 Occupational Safety /Health	<input type="checkbox"/> 863 DIWC/DIWW (405(g))
<input type="checkbox"/> 893 Environmental Matters	<input type="checkbox"/> 220 Foreclosure	<input type="checkbox"/> 462 Naturalization Application	<input type="checkbox"/> 440 Other Civil Rights	<input type="checkbox"/> 690 Other	<input type="checkbox"/> 864 SSID Title XVI
<input type="checkbox"/> 894 Energy Allocation Act	<input type="checkbox"/> 230 Rent Lease & Ejectment	<input type="checkbox"/> 463 Habeas Corpus-Alien Detainee			<input type="checkbox"/> 865 RSI (405(g))
<input type="checkbox"/> 895 Freedom of Info. Act	<input type="checkbox"/> 240 Torts to Land	<input type="checkbox"/> 465 Other Immigration Actions			<b>FEDERAL TAX SUITS</b>
<input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice	<input type="checkbox"/> 245 Tort Product Liability				<input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant)
<input type="checkbox"/> 950 Constitutionality of State Statutes	<input type="checkbox"/> 290 All Other Real Property				<input type="checkbox"/> 871 IRS-Third Party 26 USC 7609

**SACV10-00242**

**FOR OFFICE USE ONLY:** Case Number: \_\_\_\_\_

**AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.**



UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA  
CIVIL COVER SHEET

**VIII(a). IDENTICAL CASES:** Has this action been previously filed in this court and dismissed, remanded or closed? ☒ No ☐ Yes  
If yes, list case number(s): \_\_\_\_\_

**VIII(b). RELATED CASES:** Have any cases been previously filed in this court that are related to the present case? ☒ No ☐ Yes  
If yes, list case number(s): \_\_\_\_\_

**Civil cases are deemed related if a previously filed case and the present case:**

- (Check all boxes that apply) ☐ A. Arise from the same or closely related transactions, happenings, or events; or  
☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or  
☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or  
☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

**IX. VENUE:** (When completing the following information, use an additional sheet if necessary.)

(a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.  
☐ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange	

(b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.  
☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles, Orange	Utah

(c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.  
**Note: In land condemnation cases, use the location of the tract of land involved.**

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles, Orange	

\* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

**Note: In land condemnation cases, use the location of the tract of land involved.**

**X. SIGNATURE OF ATTORNEY (OR PRO PER):** Andrew M. Lyatt Date 3/1/10

**Notice to Counsel/Parties:** The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

**Key to Statistical codes relating to Social Security Cases:**

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

**NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY**

This case has been assigned to District Judge Cormac J. Carney and the assigned discovery Magistrate Judge is Marc Goldman.

The case number on all documents filed with the Court should read as follows:

**SACV10 - 242 CJC (MLGx)**

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====

**NOTICE TO COUNSEL**

*A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).*

Subsequent documents must be filed at the following location:

☐ **Western Division**  
312 N. Spring St., Rm. G-8  
Los Angeles, CA 90012

☒ **Southern Division**  
411 West Fourth St., Rm. 1-053  
Santa Ana, CA 92701-4516

☐ **Eastern Division**  
3470 Twelfth St., Rm. 134  
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.